

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

July 5, 2011

Greater Phoenix Economic Council
Renaissance Square
2 North Central Avenue, Suite 2500
Phoenix, Arizona 85004

MEMBERS ATTENDING

Mayor Thomas L. Schoaf, Litchfield Park,
Vice Chair
Steven Betts, GPEC
Dr. Joseph Cavinato, Thunderbird
Mark Dreher, East Valley Partnership
Thomas Franz, Greater Phoenix Leadership
Mayor Hugh Hallman, Tempe
Jim Kenny, El Dorado Holdings, Inc.
Mayor Jim Lane, Scottsdale
Mayor Michael LeVault, Youngtown
Mayor John Lewis, Gilbert
Mayor Marie Lopez Rogers, Avondale
John McGee, ADOT
Mary Peters, Mary Peters Consulting

Jim Rounds, Elliott D. Pollack & Company
Todd Sanders, Greater Phoenix Chamber
of Commerce
Mayor Jay Schlum, Fountain Hills
Jeffrey Simmons, Ryley Carlock &
Applewhite
Mayor Scott Smith, Mesa
Sandra Watson, Arizona Commerce
Authority
Candace Wiest, WESTMARC
Supervisor Mary Rose Wilcox, Maricopa
County
Vice Mayor Thelda Williams, Phoenix

* Not present

Participated by video or telephone conference call

Others Present (from sign-in sheet(s)):

Eric Anderson, MAG
Roc Arnett, East Valley Partnership
Anubhav Bagley, MAG
Will Barnow, Maricopa County
Paul Blue, Phoenix
Cheryl Cover, Buckeye
Miranda Culver, Mesa
Sarah Daily, MAG
Jenna Goad, Glendale
Michelle Gramley, Gilbert
Shirley Gunther, Avondale
Chad Heinrich, Tempe
Mike Hutchinson, East Valley Partnership
Michael Marietti, Parson Transportation
Group

David Moody, Peoria
Walter Morlock
Shelley Parnell, GPEC
Marc Pearsall, MAG
Jennifer Pena, Litchfield Park
Scott Powell, Gilbert
Tom Remes, Phoenix
Kristen Stephenson, GPEC
Amy St. Peter, MAG
Tim Strow, MAG
Kelly Taft, MAG

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Vice Chair Schoaf at 12:15 p.m. Vice Chair Schoaf noted that Mark Dreher was participating by telephone conference. Vice Chair Schoaf thanked the Greater Phoenix Economic Council for the use of the meeting room today. He noted that public comment cards were available for those members of the public who wish to comment. Transit tickets were available from Valley Metro for those using transit to come to the meeting. Parking validation was available for both parking facilities for those who parked in the parking garages.

2. Call to the Audience

Vice Chair Schoaf stated according to the MAG public comment process, members of the audience who wish to speak are requested to fill out the public comment cards. He stated that there is a three minute time limit. Public comment is provided at the beginning of the meeting for items that are not on the agenda that are within the jurisdiction of MAG, or non action agenda items that are on the agenda for discussion or information only. Vice Chair Schoaf noted that no public comment cards had been received.

3. Approval of the June 7, 2011 Economic Development Committee Meeting Minutes

Vice Chair Schoaf asked if the members had any questions on the June 7, 2011 meeting minutes. There were none. Mayor Hallman moved to approve the June 7, 2011 Economic Development Committee meeting minutes. Steve Betts seconded the motion and the motion carried unanimously.

4. BNSF Railway Update - Arizona Economic Development Strategy

Vice Chair Schoaf introduced LaTonya Finch, Regional Manager of Economic Development at BNSF Railway, to discuss their economic strategy for Arizona. She noted that BNSF is the number one class one railroad in the nation and their number one competitor is Union Pacific. BNSF has been around for approximately 180 years and part of the Phoenix landscape for approximately 125 years. She reported that in 2006-2007, the railways ran into challenges because of capacity constraints and the significant volume moving through Phoenix. She noted that BNSF spent about one year studying the economy, markets and development in this region. She noted that since that time BNSF had to modify those findings based on the today's economy.

Ms. Finch provided an overview of BNSF. She noted the BNSF is the number one mover of intermodal traffic. Today, BNSF moves 98 to 100 trains per day on their transcontinental line through northern Arizona. She stated the BNSF operates about 30,000 miles of rail throughout the nation. She explained the BNSF has four primary business units: coal, agricultural products, consumer products, and industrial products. BNSF operates in 28 states and two Canadian provinces, and employees about 38,000 people nationwide. Ms. Finch stated that BNSF employs a little over 1,000 people in Arizona, which is down from approximately 1,500

in 2007-2008. BNSF operates six transcontinental lines. She noted that BNSF is in the process of quadruple tracking in some areas along the southern Transcon corridor in northern Arizona. She explained that this corridor is primarily an intermodal corridor that runs from Los Angeles to Chicago.

Ms. Finch noted that there have been tremendous challenges in Arizona. She reported that in 2007, BNSF was moving 14 trains per day along the Phoenix subdivision, and today BNSF is moving three trains per day. She stated that today she wants to talk about opportunity and how to regenerate the Phoenix area. She noted that the United States supply chain is an economic engine and is extremely competitive. She also noted that transportation and transportation corridors generate economic development. She asked, How do we take a dynamic transportation corridor in Arizona and translate it into specific economic development for the region? She noted that BNSF remains committed to the Megapolitan Study and it remains the foundation of BNSF's economic development strategy. She noted that growth is focused on the inland cargo, and the Sun Corridor remains the fastest growing corridor within the entire megapolitan network.

Ms. Finch noted that all lines into Phoenix come off the Transcon corridor. She noted that Phoenix is a consumption market and creates a great deal of challenges for the railroads. She noted that the Transcon corridor line has over 210,000 loads of business coming into this market and just over 40,000 loads leaving. That means a tremendous equipment imbalance for the railroads. She stated that every challenge creates opportunity and this region has an opportunity to fill those loads with product or equipment. Ms. Finch provided information on the Phoenix franchise redevelopment and supporting rail development trends. She noted these trends include inland ports and logistics center development; innovation of new markets, new borders and connectivity, regional transportation corridor master planning, and benefits of efficient supply chain logistics. Ms. Finch stated that BNSF would like to position itself for future growth and the next generation of railroading. She noted that the focus needs to be promoting rail density adjacent to high capacity roadways, generating employment and realizing the highest and best use of land, such as foreign trade zones. She stated that focus also needs to be on incorporating master planned rail infrastructure through multi-use unit train and co-location facilities, self-switched industrial parks, mega transload facility and intermodal hub proximity, and direct rail served plants. She noted it is important to eliminate impact to high capacity rail corridors and maximize use of infrastructure and rights-of-way.

Ms. Finch identified the Southwest Logistic Centers that will maximize BNSF's regional presence. Those facilities are located in Kingman, Belmont, Drake, Surprise, Glendale and Phoenix. She then discussed the focus on Maricopa County development. She noted that BNSF's master plan includes two southwest logistic centers in metro Phoenix. She stated the proposed logistic centers provide bookend industrial hubs in Glendale and Surprise. She noted that this is about state-of-the-art rail facilities and high tech facilities that create a regional transportation network. Ms. Finch explained that the new Phoenix is perfectly positioned for inland ports through its multi-modal network and interchange access to Interstate 10 and Interstate 40. She noted the Phoenix promotes efficient supply chain logistics and regional market connectivity, as well as border and seaport access. In addition, Phoenix has great

proximity to major markets. Ms. Finch stated that this region needs to create demand and new market development and develop logistic centers and services to support expanding markets and sub markets. It needs to support new regional borders and transportation connectivity and increase capacity in core railroad networks. She noted that this region needs to exemplify its commitment to becoming a leader in logistics solutions.

Mayor Hallman asked about BNSF's plans to align Grand Avenue and the opportunity for commuter rail. Ms. Finch replied that the Phoenix strategy was never originally designed as a commuter rail strategy. She noted that this population center needs commuter rail and BNSF's job was to create a mass rail transportation system that is productive. She added that BNSF factored the commuter rail program into the strategy plan by locating large industrial centers outside the corridor. She noted that it was never about commuter rail, but about job generation, development of new industries and markets, and resolving the capacity constraints.

Vice Chair Schoaf asked if the imbalance of car loads in and out of the region is still significant. Ms. Finch stated that it is at 150,000 car loads in and 25,000 car loads out. Vice Chair Schoaf asked if this region was a good market to ship from. Ms. Finch replied that she believes it is a good market to ship from and that this region needs to identify something to ship. She also noted that there is a BNSF team talking to customers in Phoenix about this very issue. She stated that there needs to be an understanding of what industry is suitable for this region.

Jeffrey Simmons asked if BNSF has done studies on a deep water port. Ms. Finch replied that BNSF has done studies on ports and continues to do so, but she cannot speak specifically to those studies. Vice Chair Schoaf asked if a deep water port was necessary for Phoenix to become an inland port. Ms. Finch stated that answer would be more directed toward manufacturing and the value of development of manufacturing in this market. Mr. Simmons used Alliance, Texas as an example and asked if Phoenix could ever be as large. Ms. Finch replied that in her opinion, she does not believe Phoenix could ever perform as Alliance does. She noted that Phoenix will be different and believes that Phoenix will generate large scale volume in a different way.

Dennis Smith stated that this region is the 14th largest in population and Phoenix is the 6th largest city. He asked why Phoenix does not have Amtrak? He asked if BNSF had ever considered having Amtrak service going up the Grand Avenue corridor and connecting to the Arizona and California Railroad in Wickenburg that is a partner with BNSF. He noted that in the past, commuter service existed to California on this route. Ms. Finch stated that Union Pacific (UP) is focusing on Amtrak. She stated that in her opinion, there are changes moving forward and new solutions designed for Amtrak. Mayor Lewis asked if there are any assets being shared by BNSF and UP? What are they or what could they be? Or is it too complicated to work together? Ms. Finch replied that BNSF and UP are not in active negotiations. Steve Betts stated that the EDC members have been talking about Interstate 11 and how it could be a reliever to I-5. He asked if building the rail infrastructure for I-11 has been discussed at the railroads. Ms. Finch replied that it has and it would require the development of a whole new line, which is a tremendous capital outlay at \$8 million per mile. She noted the BNSF already

has three north/south Transcon corridors. She stated that in her opinion it could happen in the future, maybe over the next 10 years.

There were no further questions. Vice Chair Schoaf thanked Ms. Finch for her time.

5. Joint Web Site Update

Denise McClafferty thanked the vice chair and members of the EDC. She stated that both MAG and Greater Phoenix Economic Council (GPEC) have been working hard to develop the joint web site. She noted that the focus has been on data collection, as well as layout and functionality of the site. Ms. McClafferty stated that she would like to take a moment to thank those who have worked so hard to make this demonstration possible today. She recognized Shelley Parnell, Kathleen Lee and Kristen Stephenson from GPEC, who have been instrumental in developing the layout and functionality of the site, as well as the data collection. She also recognized Anubhav Bagley, MAG Information Services Manager, and his staff, and Kelly Taft, Communications Manager, and her staff, for their work in developing this web site.

Ms. McClafferty stated that at the May 3, 2011 EDC meeting, the committee heard from the City of Phoenix that using "Phoenix Rising" might be a conflict. Since that time, Phoenix has confirmed that there would not be a conflict if the domain name of "Greater Phoenix Rising" was used. She noted that this domain name rose to the top with both EDC members and staff. She reported that staff moved forward with the "Greater Phoenix Rising" name and implemented a logo.

Ms. McClafferty then began the demonstration of the joint web site. She noted the logo and menu bar at the top of the site. She explained the Download option on the menu bar is to download broad categories of information, such as the Business and Economy section, or to download a report on a specific section, such as the Employment Profile or Labor Market. She indicated that these reports would be in PDF format. She noted the About Us page describes the partnership between MAG and GPEC, and the Links option will house the links to the Arizona Commerce Authority, the Arizona Office of Tourism and any other relevant agency. Ms. McClafferty noted the scrolling banner that shows a snap-shot view of the regions assets, such as our high quality labor market, world-class freeway system and affordable house.

Ms. McClafferty then moved to the buttons that would lead users to specific sections of the web site. She noted that under each button was a brief description of what a user would find in each section, and within each button are the subsections of data and information. She noted that one section was populated with data so that it could be demonstrated today. Ms. McClafferty then moved to the subsection and subsequent pages of the web site. This section displayed the data in various formats, such as charts, graphs and maps. She noted that there is also a Download option within the subsequent pages, which provides the option to download a report on a specific section, such as Real Estate. In addition, users can download a report on specific pages within the Real Estate section.

Ms. McClafferty returned to the Home page and highlighted the Special Reports section that includes a comparison to California, technology information, and international information. She also noted that there will be a video on the home page to include testimonies from companies who have relocated or expanded their business in this region, such as APL Limited. She stated that staff is in the process of choosing those companies and setting up the interviews and video shoots over the next several months. Ms. McClafferty also noted that there is a Form which provides an immediate email to staff. She explained that this is where a user can quickly request specific information and an email would automatically be sent to MAG and GPEC staff.

Ms. McClafferty introduced Kristen Stephenson and Shelley Parnell to discuss how this data and information will assist GPEC clients in making decisions and what types of data is frequently requested.

Kristen Stephenson provided an overview of GPEC. She noted the GPEC was founded in 1989 as a regional, public-private partnership. She stated that GPEC is currently supported by Maricopa County, 20 cities and towns and more than 140 private-sector businesses. She explained that GPEC works to improve the region's competitiveness and eliminate hurdles for businesses looking to relocate or expand to Greater Phoenix. She noted the GPEC provides complimentary site-selection services, as well as supporting data and analysis, and helps to foster partnerships between companies entering the market and key leaders/businesses in Greater Phoenix. Ms. Stephenson provided an overview of GPEC's services and how a project or deal might flow. She noted that GPEC works with site selectors, local brokers, corporate real estate executives, national brokers and law firms. She also noted that GPEC works very closely with the Arizona Commerce Authority.

Shelley Parnell provided the results of a 2009 and 2011 study that was done among national site selectors. She noted the site selectors' top criteria for location selection in 2009 was cost of doing business, ability to recruit a quality workforce, business incentives and access to transportation/infrastructure. She noted that in 2011 the criterion was different and included incentives, tax information, and area maps. Ms. Parnell noted the study also included an open-ended question, "How can the Greater Phoenix Economic Council website better support your site-selection needs in the future?" She noted a few answers included forming a data center-specific website, make the data easier to find, and provide community-specific information that cannot be found from federal and state statistics. Ms. Parnell then discussed how the joint web site will be utilized by core departments at GPEC, such as business development, research, marketing and stakeholders. She thanked the EDC members for their time.

6. Brookings Metropolitan Business Planning Initiative Update

Amy St. Peter thanked the vice chair and members of the EDC for the opportunity to provide an update about the Brookings Metropolitan Business Planning Initiative. She stated that through this initiative, Brookings intends to offer technical assistance and support as regions develop business plans. She explained the deliverables of the project include a business plan with an economic overview and one or more lead initiatives, a prospectus for the steps needed

to implement the plan, and a policy memorandum that may be used to align State and federal interests to support the metropolitan business plan.

Ms. St. Peter stated that the initiative represents a departure from business as usual and is a very different approach to economic development. She recognized that the work will be labor intensive, but is already showing great potential. She noted other regions that completed plans with Brookings in the first round report having greater access to federal funding as a result. She stated that in speaking with Puget Sound, one of the three regions to participate in the first round last year, they found significant value in learning from the other peer regions. They also said the process was extremely valuable in mobilizing people around economic development. She stated that when considering what makes initiatives like this work, it is the ability to be nimble in order to take advantage of opportunities and leverage resources. This initiative can offer a clear focus on the opportunities that exist by having a coordinated, regional approach.

Ms. St. Peter stated that Brookings approached MAG and approximately nine other regions to submit proposals. Brookings indicated they plan to work with four to six regions in this round of pilot projects. She noted the decision to submit a proposal was vetted through the MAG Economic Development Committee and a video workshop with Brookings and RW Ventures provided additional information about the opportunity. Ms. St. Peter stated the proposal was submitted after a unanimous vote by the Regional Council on May 25, 2011. The proposal reflected two leadership advisory teams, one to develop the economic overview and to help shape the project in the beginning formative stages, and another team that would be specific to the industry identified for the lead initiative. She noted that members of the first leadership team include GPEC, who fully supports the proposal, and intellectual assets of Arizona State University (ASU) and Thunderbird. Ms. St. Peter noted that this may be the first time ASU and Thunderbird have partnered together a project of this magnitude.

Ms. St. Peter explained the proposal includes a budget of under \$300,000, which includes approximately \$100,000 in in kind staff support, \$166,000 for a full time business consultant, and funds for anticipated community engagement costs. She noted that if selected, Brookings would have a goal of raising \$150,000 to help defray their costs. This amount would be needed over a two year period, at \$75,000 each year. She stated that it is anticipated the region could generate this contribution, especially after the lead initiative has been identified. Companies that contribute would become part of Brookings national network and communications. Ms. St. Peter also noted that staff participated in a conference call with Brookings last Monday. She stated that staff answered questions about our proposal, which generally focused on our capacity to undertake this labor intensive project with private sector support. She noted that Brookings also asked about possible lead initiatives and staff offered the following areas as suggestions: aerospace and defense, solar, bio medicine, emerging technologies, information services, and financial services. She stated the value of working with Brookings is they can help us identify new opportunities through connections with best practices around the country. Ms. St. Peter stated that Brookings has confirmed three sites for this round, including Syracuse, and it is anticipated they will select one to three more sites for this round. She also noted that the participating regions will have a rolling start.

Ms. St. Peter stated that Brookings indicated they were conducting two more conference calls

last week with prospective applicants, and they are meeting this week to determine their capacity and how many sites they can manage in this round. She stated Brookings asked if MAG would lose any opportunities by waiting until the next round, and staff communicated a strong preference for participating now. She stated that Brookings indicated we would know our status by this Friday, July 8, 2011. She noted that if selected for this round, four Brookings staff members would be assigned to this region and they would travel here for a kick off meeting to identify the key stakeholders needing to be engaged and the first steps of the project.

Ms. St. Peter explained that in the first five months of the project, an overview of the economy would be developed by local stakeholders with Brookings advising. She noted that a lead initiative would be developed in the subsequent four months with the prospectus and policy memo to follow in the final three months. She reported that Brookings plans to have a public announcement of the metropolitan business plans in the fall of 2012. Ms. St. Peter thanked the committee for their time. The committee requested that an email be sent to the committee members when a decision is made by Brookings.

7. Request for Future Agenda Items

Vice Chair Schoaf asked if there were any requests for future agenda items. There were none.

8. Comments from the Committee

Vice Chair Schoaf asked if there were any comments from the committee members. He then announced that there would be no August EDC meeting. The next meeting is scheduled for September 6, 2011.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:37 p.m.

Chair

Secretary