

November 27, 2012

TO: Members of the MAG Economic Development Committee

FROM: Mayor Thomas Schoaf, City of Litchfield Park, Chair

SUBJECT: MEETING NOTIFICATION AND TRANSMITTAL OF TENTATIVE AGENDA FOR
THE MAG ECONOMIC DEVELOPMENT COMMITTEE

Tuesday, December 4, 2012-11:30 a.m.

(PLEASE NOTE MEETING LOCATION CHANGE)

Sheraton Phoenix Downtown Hotel (see enclosed map)
340 North Third Street
Phoenix, Arizona 85004

A meeting of the MAG Economic Development Committee (EDC) has been scheduled for the time and place noted above. The meeting will begin at 11:30 a.m. followed by a luncheon at 12:30 p.m. The location has been moved to the Sheraton Phoenix Downtown Hotel to accommodate and honor our guests from Sonora.

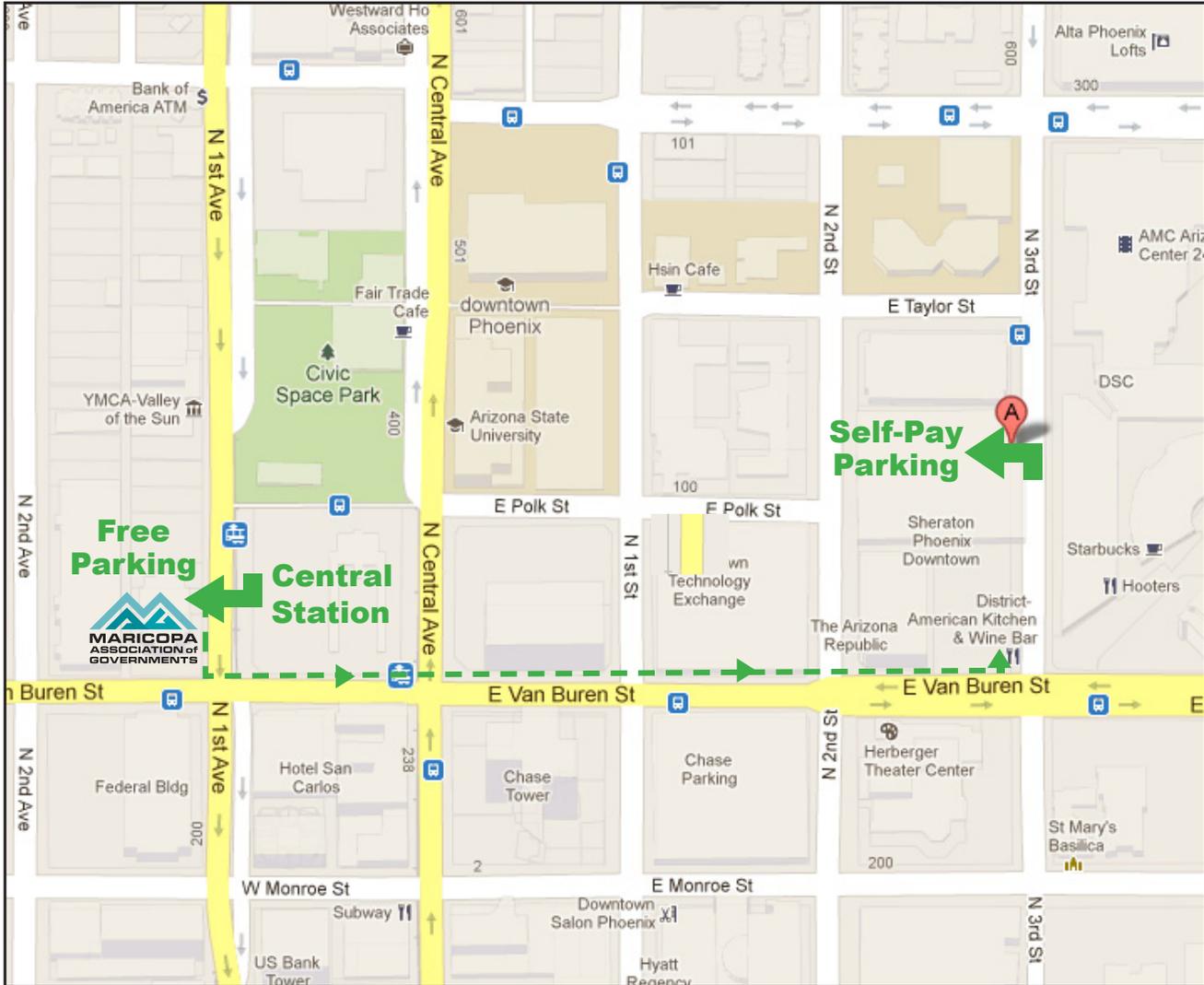
Attendees can park in the garage under the MAG building. Bring your ticket to the meeting and parking will be validated. Parking is also available at the Sheraton at a cost of \$5.00 for self parking and \$12.00 for valet parking. For those using transit, the Regional Public Transportation Authority will provide transit tickets for your trip. For those using bicycles, please lock your bicycle in the bike rack in the MAG garage.

Pursuant to Title II of the Americans with Disabilities Act (ADA), MAG does not discriminate on the basis of disability in admissions to or participation in its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Denise McClafferty at the MAG office. Requests should be made as early as possible to allow time to arrange the accommodation.

Please RSVP to Linda Priano at lpriano@azmag.gov or 602-452-5069 by Thursday, November 29, 2012 if you will be attending. If you have any questions regarding the EDC agenda items, please contact Dennis Smith, MAG Executive Director, or Denise McClafferty, Management Analyst, at (602) 254-6300.

Economic Development Committee Meeting

Phoenix Downtown Sheraton Hotel
340 North 3rd Street · Phoenix, Arizona



Parking options include validated free parking at MAG or self-pay/valet parking at the Sheraton Hotel.



MAG ECONOMIC DEVELOPMENT COMMITTEE
TENTATIVE AGENDA
DECEMBER 4, 2012

COMMITTEE ACTION REQUESTED

1. Call to Order

The meeting of the Economic Development Committee will be called to order.

2. Call to the Audience

An opportunity will be provided to members of the public to address the Economic Development Committee on items not scheduled on the agenda that fall under the jurisdiction of MAG, or on items on the agenda for discussion but not for action. Members of the public will be requested not to exceed a three-minute time period for their comments. A total of 15 minutes will be provided for the Call to the Audience agenda item, unless the Economic Development Committee requests an exception to this limit. Please note that those wishing to comment on action agenda items will be given an opportunity at the time the item is heard.

3. Approval of the November 6, 2012 Economic Development Committee Meeting Minutes

4. Arizona-Mexico Small and Medium Sized Business Connections Presentation

In November 2011, it was reported to the Economic Development Committee (EDC) that some of the EDC projects may require research assistance. As a result, MAG contracted with the Thunderbird School of Global Management Organizational Consulting Practicum program again to provide an Arizona-Mexico Small and Medium Business Connections project. The Organizational Consulting Practicum program deploys teams of MBA students who deliver project-focused research and consulting services. The Arizona-Mexico Small and Medium Business Connections project focuses on identifying and understanding businesses in Arizona and Mexico. This includes a focus on imports and exports, fostering relationships, identifying potential gaps in products

2. Information and discussion.

3. Review and approval of the November 6, 2012 Economic Development Committee meeting minutes.

4. Information and discussion.

and services, and identifying government and organization counterparts. As part of this project, the Thunderbird team met with several organizations in Arizona and Sonora, Mexico including universities, business incubators and government agencies. These organizations have been invited to participate in the EDC meeting. The Thunderbird team will present their findings and recommendations on this project to the EDC.

5. Request for Future Agenda Items

Topics or issues of interest that the Economic Development Committee would like to have considered for discussion at a future meeting will be requested.

6. Comments from the Committee

An opportunity will be provided for the Economic Development Committee (EDC) members to present a brief summary of current events. The EDC is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

Adjournment

5. Information and discussion.

6. Information.

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

November 6, 2012

MAG Offices, Saguaro Room
302 N. 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor Thomas L. Schoaf, Litchfield Park,
Chair

Mayor Marie Lopez Rogers, Avondale,
Vice Chair

#Mayor Gail Barney, Queen Creek

#Steven Betts, GPEC

#Supervisor Fulton Brock, Maricopa County

Dr. Joseph Cavinato, Thunderbird

Mark Dreher, East Valley Partnership

Thomas Franz, Greater Phoenix Leadership

Jim Kenny, El Dorado Holdings, Inc.

Mayor W.J. "Jim" Lane, Scottsdale

Mayor Michael LeVault, Youngtown

Mayor John Lewis, Gilbert

Mayor Jackie Meck, Buckeye

Mayor Mark Mitchell, City of Tempe

Jim Rounds, Elliott D. Pollack & Company

Floyd Roehrich, Jr., ADOT

*Todd Sanders, Greater Phoenix Chamber
of Commerce

Mayor Elaine Scruggs, Glendale

#Councilmember, Jack Sellers, Chandler

Bill Sheldon, WESTMARC

Mayor Scott Smith, Mesa

Mayor Greg Stanton, Phoenix

Sandra Watson, Arizona Commerce
Authority

Mayor Sharon Wolcott, Surprise

* Not present

Participated by video or telephone conference call

OTHERS PRESENT (from sign-in sheet(s)):

Anubhav Bagley, MAG

Michael Celaya, City of Surprise

Alex Davis, Thunderbird

Dan Davis, City of Avondale

Alan Ferreira, Wilson & Company

Anna Flaaten, U.S. Dept. of Commerce

Walt Gray, West Side Town Hall Program

Shirley Gunther, City of Avondale

Greg Haggerty, Dibble Engineering

Chad Heinrich, City of Tempe

Kammy Horne, URS

David Johnson, Town of Buckeye

Brad Lundahl, City of Scottsdale

Christine McMurdy, City of Goodyear

Lora Mwaniki-Lyman, MAG

Marc Pearsall, MAG

Jennifer Pena, City of Litchfield Park

Linda Priano, MAG

Nathan Pryor, MAG

Jennifer Pyne, URS

Julie Rees, Triadvocates

Samantha Santaella Wolfe, MAG

Judie Scalise, ESI Corp.

Dennis Smith, MAG

Tim Strow, MAG

Kelly Taft, MAG

Jack Tomasik

Luis Vidal, Thunderbird

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Schoaf at 11:34 a.m. Chair Schoaf noted that Supervisor Brock, Mayor Barney, Mayor LeVault and Councilmember Sellers were participating by telephone conference.

Chair Schoaf noted 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 the MAG parking facilities for those who parked in the garage.

Chair Schoaf stated at each member's place was a letter MAG received from Michael Camuñez, Assistant Secretary of Commerce, from the U.S. Department of Commerce thanking MAG for inviting him to the event that was held at the Arizona Commerce Authority. In the letter, Mr Camuñez stated that he looks forward to working with Arizona as we develop export strategies with Mexico and that the Commerce Department is committed to working with Arizona to approve trade facilitation, border infrastructure, and trade and investment ties between Arizona & Mexico.

Chair Schoaf introduced Samantha Santaella-Wolfe, International Economic Development Analyst. Chair Schoaf stated she is currently working with the Arizona District Export Council and Commercial Services on a Nogales Supplier Expo in Nogales, Sonora, Mexico. Chair Schoaf stated she has worked with the Consulate of Mexico, the Ministry of Foreign Affairs, trained by the U.S. Embassy at the University of Texas in Hispanic cross-cultural communications, and worked for the Town of Marana, as well as the City of Phoenix in the Community and Economic Development Department and the Sister Cities Program.

Dennis Smith stated that Ms. Santaella-Wolfe comes well qualified and is available to come and discuss economic development from the Mexico side with MAG member organizations. He added the Thunderbird team met with groups down in Sonora, Mexico and they indicated interest in coming to this region and have been invited to a meet and greet. Chair Schoaf added that this is a tremendous opportunity and is hopeful that we can generate interest at a level that is much closer to the ground as opposed to people proposing policies. Mr. Smith stated the other finding the team reported on is that San Antonio, Texas has eight U.S. representatives located in Mexico and that Arizona needs to have a local government presence in Mexico.

2. Call to the Audience

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. Chair Schoaf

noted that one public comment card from Walt Gray had been received.

Walt Gray, stated he lives in Maryvale and has lived on the west side for 30 years. He added he is a community activist, studied urban and regional planning and public administration, and worked as a planner in Mojave County and also at the Arizona Department of Transportation for 25 years. Mr. Gray stated he thought it would be helpful if the studies that are being done for the Sun Corridor would include workforce analysis and educational attainment studies by county and by area that would tie into the economic activity that is planned in the corridor. His stated his primary concern is low income people being able to participate in the economic activity that is generated in each city and throughout the region. He added he thinks there should be an educational plan for each county so that the educational attainment for the workforce can be increased and be eligible to work in the economic activity which would be forthcoming. Mr. Gray added he thinks that immigration reform is very important in our relationship with Mexico and he believes that this committee is trying to improve our relationship with Mexico, however, it will not be as robust unless we address immigration reform.

Chair Schoaf thanked Mr. Gray for his comments. Chair Schoaf recognized and congratulated Sandra Watson as the new President of the Arizona Commerce Authority. Ms. Watson stated she feels this is an incredible opportunity to advance this state and looks forward to working with everyone here. Chair Schoaf introduced Anna Flaaten from the U.S. Department of Commerce to announce the event taking place on November 15th in Nogales. She stated there are 21 companies registered and they have just four openings available and if anyone is interested to contact her.

3. Approval of the October 2, 2012 Economic Development Committee Meeting Minutes

Chair Schoaf asked if the members had any questions regarding the September 11, 2012 meeting minutes. There were none. Mayor Lane moved to approve the September 11, 2012 Economic Development Committee meeting minutes. Mayor LeVault seconded the motion and the motion carried unanimously.

4. Report from Union Pacific Railroad

Zoe Richmond, Director of Public Affairs for Union Pacific Railroad in the state of Arizona and New Mexico, presented an update on Union Pacific (UP) business activities in Arizona. Ms. Richmond stated that here in Arizona UP has a rail line called the Sunset. This line is very important because it carries a lot of cargo that comes from Asia into the Los Angeles/Long Beach ports traveling to the rest of the nation. Also important for Arizona is the Nogales gateway into Mexico. Currently UP has six gateways into Mexico. Arizona, as a state, has one gateway in Nogales. Ms. Richmond stated UP has 1,269 employees in Arizona. She noted that cattle, grain, construction materials, finished vehicles and lumber are just some of the things UP hauls. UP's big competition is long haul trucking and for about 500 miles trucks tend to be more competitive in terms of pricing than rail. UP, as a

company, is working aggressively to change this because cargo from truck to rail has lower emissions and less wear and tear on our highways.

Ms. Richmond provided an update on a few projects UP is working on in Arizona. She discussed the Double Track project which began in 2005 and is 70 percent complete with work continuing in Pinal County. She added the Red Rock project does not have a start up date and UP is trying to purchase and secure 900 acres of state land for this project. She reported the Buckeye project is on hold until the economy rebounds. She added there is some exciting customer growth in the Buckeye area and there will be an announcement later in the month.

Ms. Richmond stated UP has a big interest in Mexico and now as the economy dynamics have changed, UP is focusing more of their resources, such as money and infrastructures, on the rail line into Mexico. She added there is great growth in the auto industry in Mexico along with other opportunities as Mexico starts to expand their ports. She noted UP is spending about \$50 million along the border to do some upgrades and these upgrades are to primarily help with safety and security, because that is one of the biggest challenges working with Mexico. She noted UP is working with U.S. Customs and Border Protection to address these challenges.

Ms. Richmond stated UP is in discussions with ADOT regarding a Intercity Passenger Rail Phoenix-Tucson route and the focus right now is getting community and stakeholder input. She noted UP is also working with ADOT on a study on the Wellton Branch Line, which has been out of service for several decades, to see what it would take to rehabilitate that branch line for both freight and passenger services. She added UP is in the process of buying a line that goes out to Naco, where there use to be another border crossing. UP does not have any plans to open up another rail line into Mexico, however, this would provide continuous right of way for generational use.

Chair Schoaf thanked Ms. Richmond for the presentation and asked if there were any questions or comments from committee. Mayor Lane thanked her for the very informative presentation and asked if the double track in Pinal County was on the basis of increased demand. Ms. Richmond stated that UP started to see an incremental need for that capacity. She added UP has a lot of projects in Arizona that are “shovel ready”, so while waiting for approvals, UP sometimes find themselves with extra construction monies to put into infrastructure in Arizona.

Mayor Lane asked if this was part of stimulus monies that was available. Ms. Richmond stated that all infrastructure is 100 percent funded privately. Mayor Lane asked if high speed rail and commuter rail is not supported under the current infrastructure, has there been any change in technology to accommodate the traffic. Ms. Richmond stated in order to get passenger rails in certain areas you need to have better infrastructure, such as better signaling and more right of ways to construct more track. She added currently UP’s primary focus is freight rails.

Mayor Lopez Rogers asked Ms. Richmond if she could talk about the San Luis rail line area that was shown during the presentation. Ms. Richmond stated that is the Yuma Valley Railway and it is out of service but that UP is monitoring the study that Yuma County is doing on potential rail lines going into Mexico. She noted UP has committed to not build any rail lines in Yuma County.

Mayor Lewis stated at the Community Excellence Award event that took place last week, the top award went to the Centennial Committee, which is a committee that Ms. Richmond is on and he congratulated her. Mayor Lewis asked from a UP perspective, what are some of the major issues that this committee could start hearing and addressing. Ms. Richmond stated on a local level we should continue working with the ADOT process and from the railroad's perspective, the issues are very technical, so after the state knows what the options are, it becomes an engineering level issue. She added ultimately it is a matter of what the people and state of Arizona want.

Mr. Smith stated when he saw an image of the DeConcini rail gate, it was shocking to see this big iron gate with three people pushing it aside and propping it up with a rock. He asked who owns this gate. Ms. Richmond stated the gate itself is the property of the federal government. She added UP owns stock in Ferromax, but they do not own Ferromax, which is a common misconception. Ferromex crews come up to the border, bringing the nose of the train into U.S. territory and exit out of the back of the locomotive, never crossing U.S. territory and likewise, UP crews get on in the front of the rail, never going into Mexico. She stated before UP retains custody of the train, it is actually in the custody of U.S. Customs. Mr. Smith stated if UP is investing lot of money into going down towards Guaymas, maybe we can ask the federal government to help modernize the gate.

Mr. Smith noted under a previous administration, at the state level, there was legislation passed that created a hearing process that UP would have to go through when they were looking to expand their rail. He added he had heard that this was not a very effective piece of legislation and that it sent a message that Arizona is not really serious in working with UP. Mr. Smith wondered if this group or another group should get this piece of legislation repealed. Ms. Richmond stated this state legislation goes back when UP was looking at building a new rail corridor in Yuma to be able to accommodate Punta Colonet. During the process, UP learned that the county was not interested in having a rail corridor, and at the same time, the legislation at the state level, said anytime you are building a new rail corridor in the state of Arizona, UP and ADOT need to go through a specific process of public vetting and in that mix there were the issues with the economy and Punta Colonet fell off the drawing board so there really was not a need for those new rail corridors.

Ms. Richmond added UP sees this as a non-issue because they do not have any interest in building new rail corridors in the state of Arizona, but instead are increasing capacity through the main, existing corridor, so they would not need to go through the vetting process. She wonders how this law would impact discussions with I-11 that is looking to be a multi-modal

corridor. Mr. Smith commented that it was his understanding that the state did not have authority over the railroads and he does not know how effective that legislation is. Ms. Richmond said UP has not been harmed by this piece of legislation because they are not building any new rail corridors.

Mr. Smith stated he heard Jon Barela, from the New Mexico Department of Commerce, talk about the Santa Theresa facility in New Mexico and it sounded like it really generates a lot of jobs in that area. He wonders if that could be equivalent at Red Rock in the Sun Corridor and are we really missing this opportunity because the Arizona State Land Department has not moved forward. Ms. Richmond stated in 2005 there was a series of projects that UP was going to spend a lot of money in the infrastructure in the southwest that included two sister projects between Red Rock and Santa Theresa, which is west of El Paso, Texas near the Santa Theresa border crossing. Both required working with the State Land Departments in Arizona and New Mexico. New Mexico was more complicated because it also required some land from the Bureau of Land Management. UP went through that process in 2011 and was able to get some tax relief from the state of New Mexico. Ms. Richmond stated UP is not seeking any tax breaks in Arizona. She added Santa Theresa is about twice the size of Red Rock and cost about \$400 million while Red Rock is estimated at \$250 million.

Ms. Richmond added these projects are different in terms of scope but are the same in putting a lot of rail infrastructure in an area that is pretty desolate. She added what UP is seeing in New Mexico is that a lot of companies that have started to relocate to the Santa Theresa area, two housing developments are going in that area and a lot of smaller businesses that need rail access. UP is not sure when they are going to start construction at Red Rock but are hopeful that they will see the same growth there. She added when UP makes a \$400 million or \$250 million investment in an area, it means UP is going to be there for a long time.

John Halikowski, Director of Arizona Department of Transportation, commented on the Red Rock facility and wanted to make this committee aware that the Arizona State Land Department has been robustly looking at this for several years and they have a responsibility under the constitution to get the highest and best use as far as the amount of money and selling of that land. He stated he has read the study and he thinks there are questions that still need to be answered about whether or not Red Rock would become a hub in the sense that there is a lot of unused warehouse space still in Pinal County and whether new building and development would take place. Chair Schoaf thanked Mr. Halikowski for showing another perspective.

Chair Schoaf asked Ms. Richmond the percentage of utilization of the rail crossing at Nogales. Ms. Richmond stated they run about four trains south and four trains north on that rail line and it is about at 50 percent capacity. She added it is not a issue of infrastructure or adding a second line, the issue there is having enough staff for U.S. Customs and Border Protection to be able to inspect the trains. Currently they work from 8 a.m.-5 p.m., so if they could extend those hours or have a 24-hour operation this would be able to increase the amount of volume that could get through Nogales. Chair Schoaf asked how much

community opposition do you think UP would have if they were able to double the number of trains going north and south.

Ms. Richmond stated UP has been working very closely with the City of Nogales and U.S. Customs and Border Protection to be able to minimize the impact that UP has in the city. She noted currently there is a Border Master Plan process to focus the efforts of the need for overpasses in the community. Ms. Richmond stated in order to minimize the impact on the City of Nogales it is extending the facility that they have in Rio Rico, where they are putting several million dollars into new fencing, lighting, and new buildings for U.S. Customs and Border Protection. She added the goal is being able to take the trains through Nogales a lot quicker and if there are inspections that need to be done, they would take place in Rio Rico, away from the downtown area.

Chair Schoaf asked if there were any further questions. There were none.

5. Report on the New Mexico Municipal League 55th Annual Conference

Jim Rounds, Senior Vice President and Senior Economist from Elliott D. Pollack & Company, recently spoke at the New Mexico Municipal League 55th Annual Conference and provided a report on what New Mexico and other states are doing to improve their economies. The report he provided for the committee reviewed Arizona's economic profile and competitiveness compared to Utah, Colorado, Nevada and New Mexico. He reviewed the job growth from 2006 through 2012 in those states and reported in 2006, Arizona was second in the nation for job growth, Utah was third, Nevada fourth, New Mexico 11th and Colorado 15th.

Mr. Rounds stated in the year 2012, Utah was ranked third, Arizona sixth, Colorado eighth, Nevada is 32nd and New Mexico is 42nd in job growth. He noted the evidence shows when states are suffering on the economic side, it creates additional political tensions and states tend not to get as much done. He noted this was not the case in Arizona because this was when we developed the majority of our new economic development tools.

Mr. Rounds stated he believes that Arizona is consistently under ranked by trade groups because of the perception that Arizona is not coordinated and these groups do not understand the new things our state has implemented. He added Arizona, at a state level, is coordinating better and now we need to fine tune the economic development tool kit by marketing what we have to offer. Mr. Rounds stated the good news is Arizona is developing new programs to increase our rankings and CB Richard Ellis Group, recently upgraded Arizona to the intermediate status. He added, Colorado is being downgraded and the biggest reason is because their attitude and coordination has dropped off.

Mr. Rounds provided a summary of the economic development being implemented in each state and noted Nevada's economic development shows that the northern part of the state is not on the same page as the southern part of the state; their economic development tools are

not refined and there is not enough broad-based marketing in the north. Mr. Rounds stated Colorado's economic development recovery is solid and pursues higher quality when it comes to recruiting, however, they lean too heavily on the "quality of life" factor. Mr. Rounds believes Arizona can compete with Colorado if a company truly has a choice of where to locate.

Mr. Rounds stated Utah is active in chasing headquarters and renewable energy companies, has a useful deal closing fund, and they offer a higher wage threshold. He noted New Mexico's economic development shows a lot of similarities with our state. Both states need a specialized marketing campaign; blend economic development and tourism; and more fully integrate transportation. Mr. Rounds emphasized that Arizona needs to continue transportation planning as part of economic development; and continue the planning efforts in the Sun Corridor and implement a robust marketing strategy to let everyone know what Arizona has to offer. Mr. Rounds added Arizona has come quite far in a very short amount of time. Chair Schoaf thanked Mr. Rounds for his report and asked if there were any questions or comments from the committee.

Mayor Lane thanked Mr. Rounds for his report and asked if Greater Phoenix Economic Council (GPEC) gets involved with these best ranking site selectors. Mr. Rounds stated projects are underway that both GPEC and Arizona Commerce Authority (ACA) are doing that will establish a detailed analysis database. He stated having these tools available will be critical in raising our rankings. Mayor Smith asked in regards to the low-paying jobs in New Mexico and Nevada and the higher wage jobs in Colorado and Utah, does he think that this is a strategy these states have or is that what each state has to offer. Mr. Rounds stated in his opinion, the biggest determining factor is what is the economic profile and does it make economic sense for companies to locate in our area. He stated we need to focus on our economic strengths and then we will not have to go as far on the incentives.

Mayor Smith stated when you look at what Utah and Colorado have to offer, it is a much deeper system than Nevada and New Mexico and they also know how to market themselves. He stated at a certain amount of time everyone has the same toolbox and he does not believe that Arizona sells their assets, especially their education, the way Utah and Colorado does. Mayor Smith added he believes toolboxes are not what makes companies successful, people are what makes companies successful.

Chair Schoaf agreed with Mayor Smith's comment on how important people are to the success of the businesses and added the most critical asset are the people you are able to hire. Chair Schoaf noted some businesses cannot locate in certain parts of our valley because we do not have the employees to staff them. He added this is a micro-regional issue and in his viewpoint, the most critical issue, and we need to find a long term solution.

Sandra Watson commented our assets are key to selling Arizona and we have not done a very good job. She added the rankings do matter, rankings are not just financial, they also talk about the quality of our education, the talent in our state, etc. and there is a lot of information

out there that they feel is inaccurate. Ms. Watson stated it is our job to showcase all of the wonderful things going on in our state when others are evaluating Arizona. Ms. Watson added Arizona is very uniquely positioned and we now have the opportunity to capitalize on some of the activities in California. She added offices are now set up in Santa Monica and in Silicon Valley and this brings new and exciting opportunities.

Tom Franz stated the places with the best higher education systems have the highest paying jobs and this may be one of the most determining factors, along with understanding the talent base and assets we have already have in the community. He gave an example and asked the question “what is the number one university in the world for engineers for Intel?” The answer is University of Arizona. He noted Arizona does not do a very good job of selling this. He stated Arizona has this capability but we take for granted what we have in our own backyard.

Mayor Stanton stated he spent a lot of time with businesses in the Silicon Valley and the companies he spoke directly with are looking at the Salt Lake, Denver and Phoenix areas. He added it is the quality of life, amenities, and great neighborhoods that these businesses want for their employees.

Chair Schoaf asked if there were any further questions. There were none.

6. Transportation and Trade Corridor Alliance Update

John Halikowski, Director of Arizona Department of Transportation, stated he believes this committee, more than any other economic development committee in the state, recognizes the link between transportation and how it relates to economic development. He noted that future corridors such as I-11 will play a major role in Arizona’s economic development.

Mr. Halikowski noted Site Magazine, which is the number one real estate publication in the nation, stated the number one reason companies locate is infrastructure. He added the questions they ask are: Can they get their goods to market? Can they get their workers in? Can they get raw materials in? He stated we have to coordinate our economic development entities and do our part to make Arizona competitive by working with our international partners. He added the key to this is transportation infrastructure.

Mr. Halikowski stated logistics and supply chain management is critical in global competition. He added every year more and more purchases are made online and the Internet is one of the three great networks of the U.S., but as we have seen back East, when those networks begin to fail, such as in utilities and the transportation system, as a result of the storm, the Internet does not make a lot of difference. He added many economic observers believe the U.S. is in some danger of losing its edge in safe and reliable infrastructure. To facilitate trade and commerce we have to work with Mexico and Canada to enhance North American infrastructure and we have to bring manufacturing back to the U.S., or close to us, if we are going to have a future in manufacturing competitiveness. He stated he believes the

more we diversify between small and large businesses and provide different levels of wages, we will begin to have an economy that is diversified enough to withstand ups and downs.

Mr. Halikowski explained the role of the Transportation and Trade Corridor Alliance (TTCA). He stated the committee was formed by Governor Brewer in February 2012 and consists of the Arizona Department of Transportation (ADOT), the Arizona-Mexico Commission, and the Arizona Commerce Authority. Mr. Halikowski stated the role of the committee is to leverage infrastructure to be an asset for competitiveness, to link Arizona to the global economy, to carry the message to business and political leaders, to exchange knowledge and ideas, and to identify problems and develop strategies.

Mr. Halikowski stated the mission of the TTCA is to ensure adequate capacity for Arizona's trade and transportation corridors and to assess current and potential opportunities for attracting new investment and job creation. He added the TTCA initiated a structure that focuses on topics and issues to allow more in-depth two way dialogue between stakeholders, the TTCA committee and a steering committee. Mr. Halikowski stated the subcommittees include Logistics and Supply Chain Development; Mexico and Ports of Entries; Freight, Trade and Economic Development and Education and Communication. Each subcommittee will feed into a statewide vision for a roadmap that contributes to a economic development and jobs agenda. He noted the final plan will be considered by the steering committee at the end of 2013.

Mr. Halikowski stated at the Joint Planning Advisory Council (JPAC) meeting, where MAG unveiled the Freight Transportation Framework Study, which critically pointed out that we are going to become a hub, whether we like it or not. He added we now have assets in I-10, I-40, I-8 and we are reaching critical mass in population. The only thing we are lacking is the north/south connection to become a true hub, which is Interstate-11. Mr. Halikowski stated if we can put these assets together, we can begin to take Arizona forward because now we cannot be ignored by cargo that is moving west to east and more importantly, we cannot be ignored by cargo moving east to west. Now we should begin to look to the south and how we can take advantage with our trading partner there.

Mr. Halikowski stated we have great resources with MAG, with the State, and with our regional partners and now we need to begin to put it all together. We have to address this issue of governance and funding. He stated at the JPAC meeting it became very clear as we move forward that we are an emerging megapolitan. He stated we have to look at a statewide governance model about how we identify key commerce corridors and assets in this state. He noted Arizona has an incredible opportunity in front of us and it speaks of prosperity. The competition is global and it is time to get busy.

Chair Schoaf thanked Mr. Halikowski for his update and asked if there were any questions or comments from the committee. There were none.

7. Greater Phoenix Rising Update

This agenda item was not heard due to time constraints.

8. Request for Future Agenda Items

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

9. Comments from the Committee

Mayor Schoaf announced that the next meeting is scheduled for December 4, 2012 at 11:30 a.m.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:12 p.m.

Chair

Secretary