

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

November 1, 2011

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

MEMBERS ATTENDING

Mayor Thomas L. Schoaf, Litchfield Park,
Chair

*Mayor Hugh Hallman, Tempe, Vice Chair

*Steven Betts, GPEC

Dr. Joseph Cavinato, Thunderbird

Mark Dreher, East Valley Partnership

Thomas Franz, Greater Phoenix Leadership

Jim Kenny, El Dorado Holdings, Inc.

*Mayor Jim Lane, Scottsdale

Mayor Michael LeVault, Youngtown

Mayor John Lewis, Gilbert

Mayor Marie Lopez-Rogers, Avondale

Mayor Jackie Meck, Buckeye

*Mary Peters, Mary Peters Consulting

Jim Rounds, Elliott D. Pollack & Company

*Floyd Roehrich, Jr., ADOT

Todd Sanders, Greater Phoenix Chamber
of Commerce

Mayor Jay Schlum, Fountain Hills

Mayor Elaine Scruggs, Glendale

Councilmember, Jack Sellers, Chandler

*Jeffrey Simmons, Ryley Carlock &
Applewhite

*Mayor Scott Smith, Mesa

Mayor Lyn Truitt, Surprise

*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)):

Shannon Acevedo, MAG

Sherief Ayoub, Emerald Contracting

Eric Anderson, MAG

Farhana Baki, MAG

Michael Celaya, Surprise

Cheryl Covert, Town of Buckeye

Jonathan Donie, MAG

Jami Garrison, MAG

Jenna Goad, Glendale

Bob Hazlett, MAG

Chad Heinrich, Tempe

Sintra Hoffman, ADOT

Romina Khananisko, City of Goodyear

Kathleen Lee, GPEC

Beth Lewallen, Maricopa County

Brad Lundahl, Scottsdale

David McAlindin, City of Glendale

Denise McClafferty, MAG

Dan Marum, Wilson & Company

Shelley Parnell, GPEC

Harry Paxton, City of Goodyear

Marc Pearsall, MAG

Jennifer Pena, Litchfield Park

Scott Powell, Gilbert

Linda Priano, MAG
Nathan Pryor, MAG
Amy St. Peter, MAG
Dennis Smith, MAG
Kris Steffa, City of Glendale

Kristen Stephenson, GPEC
Tim Strow, MAG
Kelly Taft, MAG
Jack Tomasik, CAAG
Marisa Walker, ACA

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Schoaf at 11:41 a.m. Chair Schoaf noted that Mary Rose Wilcox, Maricopa County Supervisor and Candace Wiest, of WESTMARC were participating by telephone conference.

Chair Schoaf announced that at each seat were additional handouts for agenda item #7. Chair Schoaf 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 the MAG parking facilities for those who parked in the garage.

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 had been received.

3. Approval of the October 4, 2011 Economic Development Committee Meeting Minutes

Chair Schoaf asked if the members had any questions on the September 6, 2011 meeting minutes. There were none.

Vice Mayor Thelda Williams moved to approve the October 4, 2011 Economic Development Committee meeting minutes. Mayor Lewis seconded the motion and the motion carried unanimously.

4. U.S. Department of Commerce - Arizona U.S. Export Assistance Center Report

Dennis Smith introduced Anna Flaaten, a representative from the U.S. Department of Commerce, Arizona U.S. Commercial Export Assistance Center. Ms. Flaaten thanked the committee and noted that they have offices in almost every state in the country. In Arizona, they are located in Scottsdale, Phoenix and Tucson. She explained that the purpose of their

existence is to assist corporations here in Arizona who are interested in exporting and to help find international buyers. She stated companies in Arizona should consider exporting because ninety-five percent of the potential market is beyond the borders. She noted since the 1950's, exports have grown from five percent gross domestic product (GDP) to more than thirteen percent. She also noted that exporting supports nearly 6 million American jobs.

Ms. Flatten stated that Mexico is Arizona's number one export market and companies should consider exporting to Mexico. She noted Mexico's GDP is \$14,400 per capita with a population of 110 million people. Ms. Flatten then stated Canada is their number two export market with 33 million people and their GDP is \$40,200 per capita.

Ms. Flatten stated that the Arizona export growth is up compared to 2009, however, California exports increased twenty percent while Arizona's exports only increased eleven percent. Arizona's exports in merchandise were 14 billion, whereas California's exports in merchandise was 143 billion. She stated the top ten export markets are Mexico, Canada, China, United Kingdom, Germany, Singapore, Thailand, Japan, Malaysia and France. The top five sectors are computers and electronics, transportation, machinery, agriculture, and fabricated metals.

Ms. Flatten discussed President Obama's National Export Initiative and the goal to double U.S. exports in the next five years to support two million jobs. She noted this is the first time a government-wide export promotion strategy has come together. She stated the three priorities of the U.S. Commercial Service is to increase the number of U.S. companies that export, help smaller companies expand into new markets, and to help exporters overcome regulatory hurdles in foreign markets. She stated that they have trade specialists in 109 U.S. cities and seventy-seven countries worldwide that can assist in locating international buyers, distributors and agents, provide expert help at every stage of the export process and help companies enter new markets faster and more profitably. Ms. Flatten noted that the companies assisted must have over 51 percent of U.S. content, and in FY2011, they helped clients generate 263 export transactions to over fifty countries and the value of those sales were approximately \$51,000,000. She also noted statewide they have counseled 611 companies in developing sustained international sales and the Arizona District Export Council (AZDEC) can provide local leadership in international trade through its 30+ member council of trade veterans and experts, all appointed by the U.S. Secretary of Commerce.

Ms. Flatten noted that the trade specialists in the U.S. work directly with their team of experts overseas in getting all the information and advice that companies need. For example, they can determine the best markets for your products and services, evaluate international competitors, identify and comply with legal and regulatory issues, settle disputes and learn about cultural issues and business protocol. She stated that they are most known for their "Gold Key" matching service, which is one-on-one business matching. Gold Key staff can oversee meetings with five different potential buyers of the product. These interested parties have been pre-screened by staff overseas. She noted this is a fee-based service of \$700 for a company that has less than 500 employees. The Arizona Commerce Authority has

partnered with U.S. Commercial Service and offers a grant that could pay for this fee. She noted another service offered is an International Partner Search that provides a detailed report including 3-6 potential buyers. International Company Profile is another service provided, which includes a background search, an embassy interview, background check, bank check and trade references, which allows businesses to receive official certification. Single company promotion and market research is also offered. Ms. Flaaten noted that Country Commercial Guides are prepared annually by the U.S. Embassy staff, which contain information on the business and economic situation of foreign countries and the political climates as it affects U.S. business and foreign investments. Industry sector analyses is an in-depth analysis of specific industry sectors and sub-sectors within a given market and International Market Insight gives a brief update within a foreign country, highlighting specific market opportunities, trade events, or changes in market conditions. Ms. Flaaten informed the committee that training and webinars are free and available online at the website www.export.gov/arizona.

Ms. Flaaten stated that in April 2012, Thunderbird School of Global Management is hosting an event in Glendale. Approximately eighteen Senior Commercial Officers from Africa, South Asia, and the Middle East will be there conducting market briefings and one-on-one consultations. She noted last year's event sold out with over 500 people in attendance.

Chair Schoaf thanked Ms. Flaaten for her presentation and asked if there were any questions or comments.

Dennis Smith commented that President Obama's National Export Initiative talks about outreach to local governments and thought this would be a great service and resource.

Chair Schoaf asked Ms. Flaaten if her website link could be included on the MAG website and other member agencies websites. Ms. Flaaten said that she would find out and get back to us. Chair Schoaf stated that this would be a great link to add to agency websites, as it would inform small businesses and local areas what is available to them.

5. Greater Phoenix Rising Web Site

Denise McClafferty provided an update on the Greater Phoenix Rising website. She started by thanking the GPEC staff including Shelley Parnell, Vice President of Marketing at GPEC, Kathleen Lee, Director of Research and Strategy, Kristen Stephenson, Business Research Manager; the MAG staff including Anubhav Bagley, MAG Information Services Manager and his staff, specifically, Chandana Malempati, Shannon Acevedo and Russell Miles; Kelly Taft, MAG Communications Manager and her staff, specifically, Matthew Nielsen. She also thanked the MAG Transportation staff for helping to pull data together and the MAG Information Technology staff for their work on the website. She stated the Greater Phoenix Rising website is truly a partnership between MAG and GPEC staff.

Ms. McClafferty stated one of MAG's functions as an MPO is to foster economic growth and development. In the past, MAG has focused its data information without a specific concentration on economic development, now the Greater Phoenix Rising website can provide the connection. Ms. McClafferty then went through steps to show how a company may use this website. She noted that the website contains more than 100 charts, maps, and tables that provide valuable information on the Greater Phoenix area. She stated that the website has a function where you could download much of the information. The key areas included on this website are: Business & Economy, Population & Housing, Transportation, Lifestyles and Key Assets. Each of these area have subsections that go into even more detail on the topics. She noted the website also provides links to various agencies, such as Economic Development agencies, Chambers of Commerce and State agencies. She also noted the web site is a work in progress and would appreciate any feedback. Ms. McClafferty reported that staff is currently working on a mobile friendly version of the site as well.

Ms. McClafferty then presented a video from the homepage of the Greater Phoenix Rising website that profiles a few companies that have relocated or expanded here in the Valley. Some of the companies profiled include, APL Limited, Dirt Environmental Services, VisionGate, and Paypal. Ms. McClafferty thanked Gary Stafford, MAG Video Outreach Associate, for all his hard work and long hours putting this great video together.

Following the video, Ms. McClafferty introduced Shelley Parnell, Vice President of Marketing at GPEC, to explain how a company who may be interested in relocating to Arizona could use this website. Ms. Parnell stated some of the information that a company may want to know is the labor skill set, real estate needs and, connectivity to shipping.

Ms. Parnell navigated through various areas on the website to show how companies might use the data and information in the web site. She stated that special reports are also available, such as comparing income tax rates, corporate rates, lease rates, and electric rates to California. She noted that business employees could also find relevant information on the website such as affordability and cost of rent/mortgages. She stated by using this website, businesses can get an initial idea and then contact GPEC or MAG for specific details, based on their needs. Ms. Parnell then thanked the MAG staff for all their help.

Chair Schoaf thanked Ms. McClafferty and Ms. Parnell. He congratulated both agencies and complimented them on how well they work together.

Mayor Scruggs stated that the wealth of information is amazing and she thanked both agencies for a job well done.

Mayor Lewis noted that this is a great tool and wondered what can be done to get the word out to let our business communities know that this is available. Kelly Taft stated this is a soft launch. She noted that staff is looking for feedback on the overall site. MAG staff will continue discussions with GPEC for ways to market the website, once the site is complete.

Mayor Scruggs suggested an outreach to public information officers, convention and visitor bureaus, and also to think about the Super Bowl marketing efforts to help market this website. Ms. Taft said that was a great idea and she would make sure that this would be included in the outreach strategy.

Chair Schoaf asked if there were any other questions or comments. There were none.

6. Salt Lake City/Utah Transit Authority Multimodal Transit System Tour

Dennis Smith stated Arizona needs to think about the next steps regarding transit. He noted the Greater Salt Lake City/Utah region is better politically aligned to get a great transit service and they have linked this to economic development. He then introduced Marc Pearsall for the overview of the Salt Lake City/Utah Transit Authority Multimodal Transit System Tour. Mr. Pearsall stated that about a year ago MAG was requested to look at a peer region that best showcased mixing multimodal transit modes, while emphasizing the economic development benefit of that transit. He noted they looked into Dallas, Denver, Salt Lake City, Portland, Seattle and San Diego. Salt Lake City rose to the top of the list because the location was relatively close and enabled people to attend the tour and also Salt Lake City has gone to great lengths in the last twelve years expanding their transit service and programs.

Mr. Pearsall noted the tour included a trip from Salt Lake City to Ogden on their front runner commuter rail system, which is a inter-urban system that runs every half hour, all day long. He noted that throughout the tour, six mayors stepped on and told participants what the rail has done for their particular city and community and how it linked all the communities. The Ogden Mayor greeted everyone and gave them a bus tour of downtown Ogden and focused on transit orientated development. They discussed the tools to renovate and focus on economic development. These tools included the Utah Redevelopment Agencies legislation (RDA). This limits the use of RDA's only for "blighted" areas. This was the tool most communities used, and then abused, which led to tightening the guidelines and the creation of other project areas knows as EDA's and CDA's.

Mr. Pearsall stated another tool was the Economic Development (EDA) legislation, which can only be used for true "economic development" projects that actually produce jobs and careers (no retail). A budget committee is made up of representatives from the taxing entities and any new project area budgets that are created and proposed by cities have to go before this committee to be approved with a super majority before any increment can take effect. He noted that if approved, that budget and the increment percentages are then implemented across all taxing entities. The eight member budget committee is made up of two city representatives, two county representatives, two school district representatives and one representative that covers the remaining taxing entities and a member of the state school board. In order for any budget to be approved, at least one of the three "education" representatives needs to approve the budget to achieve super majority approval.

The Community Development (CDA) legislation was the third tool they used. CDA's can be used for any community/economic development project. The city creating and proposing a CDA must meet individually with each taxing entity and the project area budget is approved entity by entity as both the municipality and the individual taxing entity mutually agree.

Dennis Smith stated that these tools really helped redevelop some blighted areas in Salt Lake City and if Arizona can work on something very narrow and focused in manufacturing jobs to diversify our economy, we could be successful. He noted that Barry Broome of Greater Phoenix Economic Council said they would be interested in working with MAG. He noted that this discussion would be brought up at the next Management Committee meeting.

Mr. Pearsall stated by 2015 Utah Transit Authority will have five light rail lines and two commuter rail lines. He noted the common themes and observations that was seen throughout the UTA team included cooperation, focusing on economic development, unique financing and funding options, centralized operation (one transit provider), energy and technology innovation, policies, land use, and real estate. Mr. Pearsall suggested going to the UTA website (www.rideuta.com) for more information.

Chair Schoaf thanked Mr. Pearsall for his presentation and asked if there were any comments or questions from the committee.

Mayor Schlum asked how many miles the front line FrontRunner extends. Mr. Pearsall replied that it is forty-four miles front runner, with an additional forty-four miles in the opposite direction under construction. Mayor Schlum asked if this line is shared. Mr. Pearsall replied that it is being shared with Union Pacific on an additional line built within a former Rio Grande Railroad corridor and it seems to flow quite efficiently.

Chair Schoaf asked if there were any other questions or comments from the committee. There were none.

7. Metropolitan Business Planning Initiative Update

Amy St. Peter offered a update on the Metropolitan Business Planning Initiative. She stated that there was a successful public launch on October 4, 2011 at the Economic Development Committee meeting. A work session and leadership luncheon was also held to support the work of the project. The luncheon featured a high level discussion to set the priorities for the work session, which was attended by CEO's invited by GPEC, members of the MAG Economic Development Committee, and members of the Leadership Advisory Team. The event helped to set the direction and inspiration for the work session.

She noted that the work session was attended by a mixture of municipal staff, private sector representatives, civic organizations, academic representatives, the Leadership Advisory Team, and Brookings consultants. She stated that analysis was presented by MAG and

GPEC about the five leverage points organized by Brookings. The group delved into the data and determined highlights, the story of the region's economy, and areas for future focus. At this time, GPEC and MAG staff are working through the next steps with a heavy concentration on human capital, innovation, and clusters. She noted the feedback from Brookings and the attendees has been very positive and through robust dialogue, they have made considerable progress in defining the overview of the region's economy and are well poised to continue the work.

Ms. St. Peter stated the work will be presented to Brookings and the other regions in this round at the meeting in Washington, DC in December. She stated the end goal is to develop a business plan for a lead initiative that has the potential to transform the region's economy. The measure of the plan's success will be if our economy is stronger and we have more opportunities as a result of this planning process. She stated that she welcomes any questions, concerns or suggestions that anyone would like to address and that they are striving to make sure the plans is responsive to the needs and priorities of this region.

Chair Schoaf thanked Amy for all her hard work. He also thanked the members of the committee who participated in the questionnaire that was part of this process and encourage others to continue to provide information.

Chair Schoaf asked if there were any questions or comments from the committee. There were none.

8. Update on EDC Projects

Denise McClafferty thanked the committee for allowing her to provide an update on several Economic Development projects. She noted that MAG is now producing a monthly electronic update on the Economic Development Committee meetings to be distributed to member agencies and legislative staff. She noted the first issue was sent out last month and focused on the Metropolitan Business Planning Initiative.

Ms. McClafferty stated MAG staff is currently working with the Arizona Mexico Commission, the Central Arizona Association of Governments and the Pima Association of Governments to coordinate a trip to Nogales, scheduled for Monday, December 12, 2011. She stated the purpose of the trip is to explore how leadership in this region could assist in improving the border crossing to be more competitive. She noted there has been a good response and interest in the trip. She noted the deadline to participate in this event is November 7, 2011 which is when mandatory security screening information will be sent to U.S. Customs and Border Protection.

Ms. McClafferty also gave an update on the San Luis trip that is scheduled for December 20, 2011, which will include Mayors of San Luis, Yuma, and Somerton to discuss the issues involved in Punta Colonet, such as the Presidential Permitting process, rail crossings and the port of entry. She also noted that MAG is continuing to work with Arizona Commerce

Authority, Arizona Department of Transportation, and the Arizona Aerospace and Defense Commission on a supply chain study for Arizona. She stated one of the ideas is to develop a database of suppliers that links to a web portal where suppliers could log on and update their own information and core competency areas. The Arizona Commerce Authority is taking the lead on putting together a working group that will develop a scope of work for an RFP to do this work.

Ms. McClafferty stated that the Canada Arizona Business Council suggested that MAG work with them on a “meet and greet” with elected officials and Canadian business leaders in Arizona. The purpose of this event is to bring together the elected officials with existing Canadian enterprises in the Valley to discuss targeted mutual interests. She noted that this event would be held in February 2012.

Lastly, Ms. McClafferty noted that some the EDC projects may require research assistance and the Thunderbird School of Global Management deploys teams of MBA students who deliver project-focused research and consulting services. She stated this program may be able to assist with some of the EDC projects, such as nearshoring. Ms. McClafferty noted that the Thunderbird School of Global Management is an untapped resource in the Valley, not only for MAG, but for member agencies, as well.

Chair Schoaf asked if there were any questions or comments from the committee. There were none.

Chair Schoaf thanked Ms. McClafferty for her update and encouraged everyone to attend the Nogales trip.

9. Request for Future Agenda Items

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

10. Comments from the Committee

Chair Schoaf noted that the next meeting is scheduled for December 6, 2011.

Adjournment

Vice Chair Hallman moved to adjourn the meeting. Mayor LeVault seconded the motion and the motion carried unanimously. There being no further business, the Economic Development Committee meeting was adjourned at 12:58 p.m.

Chair

Secretary