

January 31, 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, February 7, 2012-11:30 a.m.
MAG Office, Suite 200 - Saguaro Room
302 North 1st Avenue, Phoenix

A meeting of the MAG Economic Development Committee (EDC) has been scheduled for the time and place noted above. Members of the Committee may attend the meeting either in person or by telephone conference. A light lunch will be provided.

Please park in the garage under the building. Bring your ticket to the meeting. Parking will be validated. 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 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.

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.

MAG ECONOMIC DEVELOPMENT COMMITTEE
TENTATIVE AGENDA
FEBRUARY 7, 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 January 10, 2012 Economic Development Committee Meeting Minutes

4. Business Relationships with Mexico

At the April 6, 2011 Economic Development Committee (EDC) meeting, the committee discussed the importance of doing business in Mexico as a critical component to Arizona's economy. In addition, the EDC has discussed the importance of improving global competitiveness for Arizona's Ports of Entry by increased staffing and improved infrastructure. Staff has invited Fernando Jimenez, Vice President of Commerce, and Lisa Short, Director, Export/Import Compliance with Sargent Aerospace and Defense, to share their experience of doing business in Mexico, and the flow of commerce through the Arizona/Mexico ports of entry.

2. Information and discussion.

3. Review and approval of the January 10, 2012 Economic Development Committee meeting minutes.

4. Information and discussion.

5. Local Government Incentives Involved in Business Prospects

Historically, local government budgets have been largely supported by sales tax revenues. This often places cities and towns in competition with each other to attract sales tax generating business. In some instances, cities have agreed to share revenues if the proposed retail establishment is close to a city border and would help both communities. With municipal budgets being tight due to the current downturn in the economy, it has been suggested that alternatives be explored that would decrease the ability of a businesses to have cities/towns compete against each other.

6. Greater Phoenix Rising Web Site

On November 1, 2011, the Greater Phoenix Rising Web Site was officially launched. The EDC approved a partnership between MAG and GPEC to develop a data resource for economic development. The joint website includes interactive maps, graphs, charts and videos that provide prospective businesses and residents information on the region. Staff will provide a brief report on the new live sections and videos.

7. Innovation Discussion

At the December 6, 2011 EDC meeting, the committee received presentations from local incubators that provided information on the opportunities to encourage and support innovation in the region. A key means of promoting economic growth is developing an environment and infrastructure that encourages and supports innovation. Additional efforts on innovation that are underway in the Valley, and how this region compares to other states and countries will be discussed.

8. 2012 Desert Peaks Awards - Additional Category

The Maricopa Association of Governments established the Desert Peaks Awards Program in 1998 to recognize excellence in regional

5. Information and discussion.

6. Information, discussion and input.

7. Information, discussion and input.

8. Information, discussion and input on a new Desert Peaks award category.

cooperation among local governments, citizens and the private sector. MAG is proud to biennially honor those agencies and individuals who have demonstrated a commitment to promoting, recognizing, and attaining the ideals of regionalism. The 2012 Desert Peaks Awards event is scheduled for June 27, 2012. The event consists of a reception followed by a presentation of the awards. Staff solicits the Economic Development Committee's feedback on the potential of creating a sixth award category to recognize a regional economic development "champion."

9. 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.

10. 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

9. Information and discussion.

10. Information.

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

January 10, 2012

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)):

Eric Anderson, MAG
Roc Arnett, EVP
Sherief Ayoub, Alliance
Farhana Baki, MAG
Miranda Culver, Mesa
Michael Celeya, Surprise
Kent Dibble, Dibble Engineering
Jonathan Donie, MAG
Mike Falihi, Wilson & Co.
Eric Fitzer, Town of Gila Bend
Jenna Goad, Glendale
Walt Gray, Citizen Activist

Bob Hazlett, MAG
Chad Heinrich, Tempe
Brad Lundahl, Scottsdale
Dan Marum, Wilson & Co.
Denise McClafferty, MAG
Lauren Neu, Strand Associates
Jennifer Pena, Litchfield Park
Michelle Pierson, City of Phoenix
Scott Powell, Gilbert
Linda Priano, MAG
Nathan Pryor, MAG
Nicole Patrick, MCDOT
Dennis Smith, MAG

Tim Strow, MAG
Kelly Taft, MAG

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Schoaf at 11:36 a.m. Chair Schoaf noted that Tom Franz, Mary Peters, Sandra Watson, Candace Wiest and Mayor Lopez-Rogers 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.

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 no public comment cards had been received.

3. Approval of the December 6, 2011 Economic Development Committee Meeting Minutes

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

Mayor Smith moved to approve the December 6, 2011 Economic Development Committee meeting minutes. Vice Mayor Williams seconded the motion and the motion carried unanimously.

4. Port of Guaymas Report

Senator Al Melvin thanked the committee and stated that his background is in international ocean shipping and has over forty years experience in the shipping business. He retired as a Navy Captain in 1999. He noted that everyone is aware how congested Long Beach and Los Angeles ports are. Senator Melvin and his colleagues started looking to the south and realized how deep the Sea of Cortez is and the potential of developing a deep water port in the north and south of Guaymas, Mexico. He stated this could create tremendous economic potential for the United States and Mexico.

Senator Melvin then introduced Curt Pedersen, CEO of The Enterprise and Land Bridge Corporation. Mr. Pedersen stated over the next twenty years international containers are

expected to quadruple and truck freight is expected to double. He noted as of 2011, forty percent of all cargo from Asia is unloaded in Los Angeles or Long Beach and both ports are overly congested. He stated freight movement will be one of the major challenges for the years ahead and the future of global cargo transportation depends on larger ships being built.

Mr. Pedersen gave a slide presentation showing various types and sizes of cargo ships currently being used. He noted by 2013 some newer mega-ships will be over 2,000 feet long, carrying 18,000-20,000 TEU's (Twenty Equivalent Units) and will require a deep water port. He noted at this time, most ports around the world have just forty-five to fifty feet of water and shipping companies are beginning to look for deep water ports.

Mr. Pedersen stated it takes two to three ships to carry the same amount of containers one mega-ship can carry. He also stated mega-ships have cleaner burning engines and when docked, use shore power, which makes these ships environmentally friendly. He noted Shanghai, Hong Kong, Singapore, Panama City, and Rotterdam are just a few super ports that are doing deep water discharge. Mr. Pedersen believes that Mexico has the opportunity to be the linchpin of the western hemisphere's global transportation system by making a Mexico super port in Sonora. This super port would depend on multiple modes of transportation to move the goods, increasing economic development for both Mexico and the United States.

Senator Melvin noted more detailed information is available at www.telcollc.com.

Chair Schoaf thanked Senator Melvin and Mr. Pedersen for their presentation and asked if there were any questions or comments.

Mr. Dreher asked how many additional days would it take to get to the Port of Sonora versus Los Angeles. Senator Melvin stated the Port of Sonora is farther in distance than the Los Angeles port, however, the source to the ultimate location would be shorter and congestion would not be an issue like it is Los Angeles and Long Beach.

Mayor Lewis asked how the Mexican government feels about this opportunity. Senator Melvin noted that unlike the United States, the ports in Mexico are national ports and would need a special concession from the Mexican government. Senator Melvin stated he has given presentations to Mexican legislatures in the border states.

Mr. Sellers stated this idea is very interesting and asked who is promoting this opportunity and where do the Governor of Arizona and Sonora stand on this concept. Senator Melvin noted both have been briefed but are looking to the private sector for investment.

Mr. Pedersen stated they are currently working with North American Development Bank and it looks very promising. Mr. Pedersen also noted they are in the process of doing a very comprehensive engineering study and findings already show that in order to service the Mexico super port, there would be a need for multiple tracks to move the goods.

Senator Melvin noted trucking will still be needed to deliver the goods to their final destination and the use of the rail and stack trains would only replace 18-wheeler long hauls, which would have a huge saving in time and fuel costs.

Mr. Rounds asked if Senator Melvin could provide some solid examples to show what opportunities are being missed if this port is not developed. Senator Melvin stated that one example would be the transportation and logistics from the creation of this super port, which could create a tremendous amount of jobs that have been lost in manufacturing if this port was developed.

Senator Melvin also noted Arizona has the largest potash deposit in the United States, yet we are importing it from Canada. We could export potash if we had this deep water port. He noted the number one commodity leaving the United States in containers is scrap paper, which is being sent to the Far East. Scrap plastic and scrap metal are also at the top of the list. He noted the recycling business could also be a potential for Arizona.

Mayor Lane asked if the Governor of Sonora is invested in this idea. Senator Melvin noted they have met with the Governor and his staff but there is more work that needs to be done.

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

5. Nogales and San Luis Ports of Entry Discussion

Chair Schoaf noted in December 2011 MAG staff organized two trips to the Arizona ports of entry in Nogales and San Luis and over fifty elected officials and staff from the regional planning agencies from Maricopa, Pinal and Pima Counties were in attendance. He noted the consistent theme during both border visits was how extremely busy the borders are, they are not well staffed, lanes are limited, and as the new infrastructure is being built, the staffing issue will still be a concern. He noted this puts a strain on the produce industry, which is a very serious issue for Arizona. Chair Schoaf stated that the purpose of these trips was to better understand the challenges facing freight movement to and from Mexico and Arizona.

Mr. Smith noted Mexico is the largest bilateral trading partner with Arizona and \$7.4 million is spent daily in Arizona by visitors from Mexico. Annually, 372,719 trucks, 6,650,691 personal vehicles, 12,264 buses, 601 trains and 7,648,106 pedestrians legally come into Arizona. He stated these numbers show we need to focus on infrastructure.

Mr. Smith stated the reason these border visits came about was because of a freight study showing the produce trade is shifting from Arizona to Texas. He noted Texas is moving traffic much faster and exports \$72.6 billion worth of product to Mexico each year, while Arizona exports just \$5.1 billion. Mr. Smith noted some of the top concerns are the staffing, infrastructure, dedicated funding source and state competition. He stated Texas commercial ports of entry have the resources to operate more efficiently than the Arizona's ports of entry.

Mayor Lane asked if there is something to learn from Texas on how they do their business at the borders. Mr. Smith noted Texas is increasing staff, developing and improving infrastructures, and extending the hours of operation. Mr. Smith also stated the money generated at the border goes back to the borders in Texas. This is not the case in Arizona.

Floyd Roehrich, Jr., Deputy Director of Policy for Arizona Department of Transportation (ADOT), explained that once the overweight trucks go through U.S. Customs, truckers then go through ADOT's port of entry and can pay a overweight permit fee, which will allow them not to breakdown their loads and allow them to travel within a defined limit. He noted this is a safe, secure, and faster process. He noted the \$75 overweight permit fee does go back to ADOT through the Highway Fund and the funds are dedicated to border infrastructure improvements.

Mr. Smith noted as a result of these trips, a resolution of support for these borders is being considered. Mr. Smith informed the committee that this could possibly be discussed at the future Joint Planning Advisory Council (JPAC) that is taken place in early 2012.

Mr. Rounds stated he believes this is the perfect conversation because transportation is one of the key drivers to economic benefits and suggested that MAG staff start a white paper detailing what is being discussed at these committee meetings. He suggested the white paper address issues such as where exactly is the \$7.4 million being spent from Mexican Nationals in the valley, and quantify how improving infrastructure would increase that number. Mayor Lane stated he agreed with Mr. Rounds that the ideas need to be quantified and the economic impact needs to be determined.

Chair Schoaf agreed with Mr. Rounds that a white paper would be very beneficial and allow the committee to be more effective. Mr. Rounds offered to assist in working with MAG staff on creating the white paper.

Supervisor Wilcox also agreed and suggested coordinating with the County Supervisors Association and Yuma, Nogales and Douglas when creating the white paper. She also suggested tracking bills on immigration. She agreed the potential for economic gains is tremendous.

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

6. Innovation Discussion

Mr. Smith noted that due to the length of the meeting this discussion could take place at the February 2012 Economic Development Committee meeting. All were in agreement. Supervisor Wilcox stated that she will also have a presentation regarding innovation for the next meeting.

Chair Schoaf asked if there were any questions or comments from the committee. There

were none.

7. Request for Future Agenda Items

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

8. Comments from the Committee

Chair Schoaf stated that the next meeting is scheduled for February 7, 2012.

Adjournment

Vice Mayor Williams moved to adjourn the meeting. Mayor Lane seconded the motion and the motion carried unanimously. There being no further business, the Economic Development Committee meeting was adjourned at 12:51 p.m.

Chair

Secretary