

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
ECONOMIC DEVELOPMENT COMMITTEE

February 5, 2013

MAG Offices, Saguaro Room  
302 N. 1<sup>st</sup> 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

Dr. Joseph Cavinato, Thunderbird

Mark Dreher, East Valley Partnership

\*Thomas Franz, Greater Phoenix Leadership

Gary Haydon, Haydon Building Corp.

\*Michael Hoover, Sundt Construction

\*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)):

Roc Arnett, EVP

Anubhav Bagley, MAG

Frank Beltran, Trade Base Mexico

Justin Bohall, Triadvocates

Scott Butler, Mesa

Miranda Culver, Mesa

Jami Garrison, MAG

Rob Leinbach, Walton Group

Lucia Leon, General Consulate of Mexico

Dan Marum, Wilson & Company

Denise McClafferty, MAG

Christine McMurdy, Goodyear

Deb Miller, Jacobs

Linda Priano, MAG

Jordan Rose, Rose Law Group

Michelle Rider, WESTMARC

Samantha Santaella Wolfe, MAG

Dennis Smith, MAG

Chris Stoller, Arizona-Mexico Commission

Tim Strow, MAG

Kelly Taft, MAG

Karrin Taylor, DMB

Jack Tomasik, Tomasik Consulting

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Schoaf at 11:38 a.m. Chair Schoaf noted public comment cards were available for those members of the public who wish to comment. Chair Schoaf stated that 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 announced that the March EDC meeting would be cancelled to encourage members to attend the Sun Corridor Retreat being held the next day, on March 6, 2013. Chair Schoaf urged members of the committee to attend this very important event. Chair Schoaf stated the Mayor of Salt Lake City has agreed to attend this event to discuss the political alignment that is necessary to move transit plans forward.

Chair Schoaf congratulated committee member, Jack Sellers, who recently became Vice Mayor of the City of Chandler. Chair Schoaf welcomed Supervisor Steve Chucuri who will be serving as the Maricopa County representative on this committee. He then recognized a new staff member of the Mexican Consulate, Lucia Leone, and thanked her for attending the meeting.

Chair Schoaf stated an application for becoming a member of the Arizona-Mexico Commission was at each member's place. Chair Schoaf stated the Arizona-Mexico Commission has sponsored and has been an advocate for improving relationships for businesses across the state and in Mexico. He also stated additional information on the Trilateral Border Symposium that is taking place March 18-19, 2013 in Tempe, Arizona and the Bi-National Economic Forum taking place on March 22, 2013 in Nogales, Sonora, Mexico was at each member's place.

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 January 8, 2013 Economic Development Committee Meeting Minutes

Chair Schoaf asked if the members had any questions regarding the January 8, 2013 meeting minutes. There were none. Mark Dreher moved to approve the January 8, 2013 Economic Development Committee meeting minutes. Dr. Cavinato seconded the motion and the motion carried unanimously.

7. Report on the City of Phoenix Permit Process

This agenda item was taken out of order.

Chair Schoaf introduced Derek Horn, Planning & Development Director for the City of Phoenix and Cindy Stotler, Assistant Planning & Development Director. Mr. Horn stated one of the questions his department was asked was how can Planning & Development help create jobs in the City of Phoenix while ensuring code compliance and building safety.

Mr. Horn stated some of the best practices that the City of Phoenix has put into place include regulatory relief, express pass site plan review, and 24 hour inspection turnaround. Mr. Horn provided examples of the benefits of each of these programs, which included elimination of permit fees, unlimited extensions, reductions of fees and modernized zoning ordinances.

Ms. Stotler explained the benefits of the Self-Certification Program, the Permit by Inspector Program, the Annual Facilities Program and the Adaptive Reuse Program. She stated these programs are very popular and save both time and money. She added people can get their permit in one day and bypass the plan review. Currently, 181 professionals are certified and over 375 permits have been issued. Ms. Stotler provided before and after photos of companies who have used the Adaptive Reuse Program and showed their successes. Ms. Stotler added the next step in improving the process will be a five-day site plan review, privatized non-life safety inspections and electronic plan reviews.

Chair Schoaf thanked Mr. Horn and Ms. Stotler for their presentations and stated if the process time for permits can be shortened and buildings get occupied faster, it gives a competitive advantage. Chair Schoaf asked if there were any comments or questions from the committee.

Dr. Cavinato stated these programs can really shorten the clock on projects and asked if other towns are implementing these programs. Mayor Lewis stated these programs are not only an asset to the City of Phoenix, but an asset to Arizona because other cities are beginning to have conversations to adopt these programs. Mayor Smith asked how does someone fail the self-certification audit. Ms. Stotler stated there is a point system and plan review. She added before anyone can get self-certified they have to take a two day class to educate them on what is expected. If there is a life safety oriented issue, they will fail the audit and if someone fails to take remedial efforts or fails to submit revisions as required, they are kicked out of the program. Mr. Horn extended the offer for his staff to meet with local jurisdictions individually if they are interested in the permit process improvement program.

4. Economic Development along the Interstate 10 Corridor between Phoenix and Tucson

Tim Strow, Senior Transportation Planner, stated this committee, along with the Pima Association of Governments and the Central Arizona Governments, has been part of the Freight Transportation Framework Study. He stated the study has identified specific opportunities and recommendations in the Sun Corridor and these recommendations will be

discussed at the March 6, 2013 Sun Corridor Retreat.

Mr. Strow then introduced Rob Leinbach, President of The Walton Group. Mr. Leinbach stated the Walton Group is a privately held multinational group of real estate investment and development companies founded in 1979 and headquartered in Calgary, Alberta, Canada. He noted their expertise is the research, acquisition, management and development of strategically located land in major North American growth corridors. He added the Walton Group is one of North America's premier land asset managers and owns land assets in Phoenix, Austin, Dallas, Atlanta, Charlotte, Southern California, Ottawa, Toronto, Edmonton and Calgary.

Mr. Leinbach stated Walton International Group has an investment of over 10,000 acres of land in the Phoenix and Tucson area. Mr. Leinbach stated that Arizona's largest competitors are Texas and California, and Arizona needs to find a way to move more goods into, within and through Arizona by utilizing all forms of transportation, such as air, trucking and rail. He noted Arizona has a fantastic foundation in place to build upon and the priority and focus should be on Interstate 11, Mexico, and the classification yard in Southern Arizona to connect Arizona to Mexico. Mr. Leinbach added that he is looking forward in seeing the results of the freight study at the Sun Corridor Retreat on March 6, 2013.

Chair Schoaf thanked Mr. Strow and Mr. Leinbach for their presentations and asked if there were any comments or questions from the committee. There were none.

5. Trilateral Border Symposium

Erik Lee, Associate Director of The North American Center for Transborder Studies at Arizona State University, stated this committee, along with its partnering agencies, has been working to improve relationships with Mexico and Canada. He added the goal is to enhance trade relationships and improve the flow of commerce in Arizona.

Mr. Lee stated The North American Center for Transborder Studies at Arizona State University is hosting a Trilateral Border Symposium on March 18 and 19, 2013. He noted that with recent issuance by the Department of Homeland Security of the Northern Border Strategy, a number of border issues have been framed that this symposium will examine in the context of Canada-United States-Mexico trade and security. The symposium will bring together academics, practitioners, business groups and government officials from the three NAFTA countries to examine and evaluate cross-border trade challenges to the Arizona business community. Mr. Lee invited this committee to attend the symposium to gain greater insight on how some of these challenges may be resolved.

Chair Schoaf thanked Mr. Lee for this information and asked if there were any comments or questions from the committee. There were none.

8. Potential Impacts of the Budget Control Act of 2011 - Sequestration

This agenda item was taken out of order.

Lora Mwaniki-Lyman, MAG Regional Economist, stated The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, put in place two types of sequestrations. The first is a sequestration of discretionary spending, which is ordered when congress appropriates funding to discretionary programs above the funding caps, stipulated by the Budget Control Act of 2011. The second and more severe is the automatic, across-the-board reduction in spending triggered by the failure of the Joint Select Committee on Deficit Reduction to propose a plan to reduce \$1.2 trillion in deficit and have it enacted into law by January 15, 2013.

Ms. Mwaniki-Lyman added the automatic reductions were scheduled to occur on January 2, 2013 but were postponed to March 1, 2013 by the American Tax Relief Act of 2012. She noted while the automatic reductions were never intended to occur as a matter of sound fiscal policy, the failure of the Joint Select Committee to achieve its goal, has left the nation, and the residents of Arizona, with the daunting task of trying to comprehend what sequestration could mean to its economies.

Ms. Mwaniki-Lyman stated according to a study by George Mason University, the U.S. could lose 2 million jobs in FY2013 alone with the job losses distributed evenly between security and non-security categories, the unemployment rate would increase by a 1.5 percentage point, and the nation could also see a \$215 billion loss in real Gross Domestic Product.

Ms. Mwaniki-Lyman stated, for Arizona, sequestration could mean close to 50,000 jobs lost with most of the job losses, about 35,000 jobs, skewed towards defense-related sectors. Arizona's economy would see a loss of 4.9 billion in real Gross State Product. This is an estimated two percent loss in real Gross State Product assuming Gross State Product for 2013 remains at 2011 levels and would slow down the economy at a time when Arizona is in a steady but fragile. She noted sequestration would not only translate to lost jobs and economic activity, but would result in lost or reduced services in health and human services, and education, among others.

Ms. Mwaniki-Lyman added a study by Senator Tom Harkin looked at the economic impact of sequestration in FY2013 on labor, health and human services, and education programs under his jurisdiction and the study showed Arizona would receive \$102 million dollars less in FY2013 than in FY2012. She stated while social security programs are exempt from sequestration, the Social Security Administration Department is not. Reduction estimated at \$890 billion in FY2013 would result in an additional 111 - 180 days to the time it takes to process disability. She concluded that sequestration would have a detrimental impact to the economy of Arizona.

Chair Schoaf thanked Ms. Mwaniki-Lyman for her sobering presentation asked if there were any comments or questions from the committee. There were none.

Ms. Mwaniki-Lyman introduced Stephane Frijia, Title Senior Research Analyst, for the Greater Phoenix Economic Council (GPEC), stated Arizona has the sixth largest share of defense contracts in 2012. He added GPEC has been working on Market Intelligence

Research on the Aerospace and Defense Industry and as part of the market analysis, GPEC surveyed 114 Aerospace and Defense companies in Arizona, totaling 30,000 workers, to determine the status of these companies in the industry. The findings were that, in the short-term, 52 percent of the companies are stable; 26 percent are already feeling the cuts of sequestration and contracting as a result of federal spending cuts; and 22 percent are implementing expansion plans in international markets. He stated GPEC will be presenting a comprehensive report on the findings and recommendations of this analysis on February 26, 2013 with General Regni.

Chair Schoaf thanked Mr. Frijia for his presentation asked if there were any comments or questions from the committee. Mayor Lewis asked if you had to be a GPEC member to attend the event. Mr. Frijia stated this event is open to the public and anyone can attend the event, which beings at 9 a.m. Mayor LeVault asked what the deadline was for the sequestration cuts to take place. Mr. Frijia stated the current deadline is March 1, 2013. Mayor LeVault asked if defense contractors have been relieved of the requirement that they have to provide a sixty day notice before layoffs can go into effect. Mr. Frijia stated they have not.

6. Building an Internatioal Economic Network (BIEN)

Anubhav Bagley, MAG Information Services Manager, stated on January 8, 2013 this committee discussed the development of a digital platform that would encourage collaboration between small and medium sized businesses in Arizona, Mexico and other areas. The proposed tool will assist businesses by developing a centralized database with the functionality for conducting a customized search for possible partnerships. He added staff has already met with East Valley Partnership, WESTMARC and the Chambers of Commerce in Arizona and there was general support for this project.

Mr. Bagley asked the committee for suggestions on how to proceed. Chair Schoaf suggested that staff continue meeting with the Chambers and their membership or hold focus groups, starting with the manufacturing sector, to begin building the database for one sector. He added that starting with one industry segment would help develop the backbone for this project. Chair Schoaf thanked Mr. Bagley for his update and stated he was happy to see staff moving forward with this project. Chair Schoaf asked if there were any comments or questions from the committee. There were none.

9. Update on the Bi-National Economic Forum

Before Ms. Santaella Wolfe provided her update, Dennis Smith, MAG Executive Director, announced that she had received her U.S. Citizenship the previous Friday. The committee congratulated Ms. Santaella Wolfe.

Ms. Santaella Wolfe stated The Binational Economic Forum will take place in Nogales, Sonora, Mexico, on Friday, March 22, 2013 and will have the participation of several Mayors and members of the business community from both sides of the border. She added the event

will include a tour of a maquila in Nogales for the Mayors. She noted that there are only ten available spaces left for the tour and if any committee member is interested they should register soon.

Ms. Santaella Wolfe stated some confirmed attendees included Mayor Ramon Guzman from Nogales, Sonora, Mayor Garino from Nogales, Arizona, Mayor Rothschild from Tucson, Mayor Stanton from Phoenix, and Mayor Lopez Rogers from Avondale. She added attendees from the Mexican side included the Director of Ferromex, which is Mexico's largest and most important railroad, and ProMexico's General Director, Ernesto De Lucas Hopkins. Ms. Santaella Wolfe stated Mr. Hopkins was recently appointed by the President of Mexico, Enrique Peña Nieto, in January of 2013 and explained that ProMexico is the Mexican Government institution that supports the export activity of companies established in Mexico and is in charge of Mexico's participation in the international economy. She added ProMexico has 32 state offices and 53 offices in the world.

Ms. Santaella Wolfe stated the forum will also include leaders of the Chambers of Commerce and Tourism, the media, and representatives of the Maquila Association. She added this event should be an excellent forum to network with Mexican government officials and businesses

Chair Schoaf thanked Ms. Santaella Wolfe for the update and asked if there were any comments or questions from the committee. There were none.

10. Request for Future Agenda Items

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

11. Comments from the Committee

Mayor Schoaf reminded the members that the March meeting was cancelled and stated that the next meeting will be on Tuesday, April 2, 2013.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:03 p.m.

---

Chair

---

Secretary