

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

June 4, 2013

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

Dr. Joseph Cavinato, Thunderbird

Supervisor Steve Chucri, Maricopa County

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 Georgia Lord, Goodyear

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

Vice Mayor, 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, WESTMARC

Anubhav Bagley, MAG

Jonathon Bates, ADOT

Phil Bradstock, Phoenix

Michael Celaya, Surprise

Sandra Cooper, Maricopa Community
College District

Doreen Cott, Queen Creek

Jami Garrison, MAG

Sintra Hoffman, ADOT

Denise McClafferty, MAG

Karen Peters, Phoenix

Linda Priano, MAG

Mayor Christian Price, Maricopa

Nathan Pryor, MAG

Tom Remes, Phoenix

Michelle Rider, WESTMARC

Christy Sipos, Littlejohn Engineering

Dennis Smith, MAG

Tim Strow, MAG

Kelly Taft, MAG

Karrin Taylor, DMB

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Schoaf at 11:43 a.m. Chair Schoaf stated that Steve Betts, Tom Franz, Jim Kenny, Mayor Mitchell and Sandra Watson were participating by phone. 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 stated Mayor Lord's attendance was inadvertently omitted by staff on the May 7, 2013 meeting minutes that were mailed out and an updated copy of the minutes showing her attendance were each members place. Also at each members place was the 2013 Canada Arizona Business Council guide and an additional handout for Agenda Item 6.

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 May 7, 2013 Economic Development Committee Meeting Minutes

Chair Schoaf asked if the members had any questions regarding the May 7, 2013 meeting minutes. There were none. Mayor Barney moved to approve the May 7, 2013 Economic Development Committee meeting minutes. Todd Sanders seconded the motion and the motion carried unanimously.

The next agenda item was taken out of order.

5. Report on the Impact of Medical Tourism in Arizona

Mayor Schoaf stated medical tourism is an important part of Arizona's health care industry and it is estimated that inbound medical tourism is expected to increase from 400,000 to 561,000 patients by the year 2017. Mayor Schoaf introduced Dr. Adelson from the Barrow Neurological Institute and Phoenix Children's Hospital, who was participating by conference call.

Dr. Adelson stated he was honored to be asked to speak to this committee and added Arizona has become a destination for seeking optimal care. He indicated that there is a significant increase of patients coming nationwide, as well as internationally, that include patients from Mexico, Europe, Asia, Australia and South America. He added that if these facilities can continue to develop their medical reputation, the opportunities in health care become a stabilizing factor within Arizona. These opportunities can create additional jobs and

economic power. He added it can also generate more research and science and the ability to grow research institutions, which depend on patient flow.

Chair Schoaf asked what percentage of cases are covered by private insurance. Dr. Adelson stated in his experience, the patients that come from out of state or internationally are self pay or paid by private insurance. He added there are countries that allow for patients to come here who have governmental resources and/or support and are insured by their country. Chair Schoaf asked if there were any additional questions or comments.

Dr. Cavinato stated medical tourism is a “borderless market” and asked how do people outside of Arizona find these physicians and hospitals. Dr. Adelson indicated that he sees marketing as education. Parents need to know where to go and this is accomplished by the internet and social networking. He added the demographics that the hospital works with are the younger population so it is not unusual for them to use Facebook and Twitter to market their services. Dr. Adelson stated a parent can go on the internet and put in a diagnoses and they instantly have the ability to see who is leading in that field.

Mayor Lewis asked when compared to other states, are individuals that are coming to this area receiving all the amenities that they need. Dr. Adelson stated all the facilities and amenities that are needed are here in the valley. He added the hospital is currently developing a collection of amenities in the area such as restaurants, extended stay lodging, entertainment, etc. so that the patients and families can access them online. He added when patients come to this hospital, whole families come with them, so it is important to develop amenities for everyone.

Mark Dreher asked if there are facilities available for patients that have been discharged from the hospital, but require aftercare treatment. Dr. Adelson stated the hospital does not offer specific facilities for aftercare and this is where the community partners can come in. He indicated that community partners can assist in facilitating their comfort during the families extended stays, with housing, entertainment, amenities, etc. Dr. Adelson provided an example where a patient was discharged but still needed outpatient therapy and the family stayed for an additional two months. He noted the family used a local realtor to find a home to rent during their stay. Mayor Lane stated with the ever changing health care industry, does Dr. Adelson think that medical coverage will be enhanced or reduced in regards to the implementation of the Health Care Act for reimbursement of coverage. Dr. Adelson stated he was inept in regards to the reimbursement aspect, but from his perspective, there will be more transparency and a consolidation of advanced care.

Chair Schoaf asked Dr. Adelson if there was an organization within Children’s Hospital to identify public policy issues that could be adopted to support this effort. Dr. Adelson stated the hospital does have specific individuals in the governmental office that work on public policy issues and he could get those names to the committee. Chair Schoaf stated it would be beneficial to have those contact points because this an opportunity to help build networks across the industry.

Dennis Smith, MAG Executive Director, stated at the last EDC meeting, general tourism was the focus and then the discussion turned towards medical tourism and how public bodies

could help this industry grow in our region. It was suggested that a Thunderbird Consultant Practicum team, working with representatives from our major medical facilities, could do a study on the importance of medical tourism and how local governments working together could support this effort in our region. Mr. Smith stated the attractiveness of the location is very important. He provided a slide showing the factors that are considered called the “Significant Seven”. The seven factors, in rank order, include geographical proximity, cultural proximity, destination image, destination infrastructure, destination environment and risk, reward and price. Mr. Smith stated Thunderbird could provide the roadmap to see what drives these decisions and we could see what our strong points are and what areas need improvement. He added if attractiveness is what drives these decisions, Arizona is a beautiful place to come for treatment.

Suzanne Pfister, stated she is Vice President of External Affairs for Dignity Health Arizona, which is comprised of St. Joseph’s Hospital, Mercy Gilbert Medical Center, Chandler Regional Medical Center, along with partnerships that include Phoenix Children’s Hospital and the University of Arizona Cancer Center. She noted St. Joseph’s was the first hospital in the valley and this year they will be celebrating 118 years of service. She added this is a destination hospital selected for quaternary clinical services and is home to the Barrow Neurological Institute. She noted that the Barrow Neurological Institute is known throughout the world for providing cutting-edge neurosurgical treatment and is rated as one of the top ten in the world for treating brain and spine diseases, disorders and injuries. She reported that Barrow Neurological Institute has the largest Neurosurgery Residency Program as well as the largest Neurosurgical Intensive Care Unit in North America.

Ms. Pfister stated Barrow Neurological Institute treats people from all over the United States, as well as internationally. She reported that they had fifty-seven international patients last year that included patients from Argentina, Israel, Kuwait, Mexico, China, Canada and others. Ms. Pfister stated there is a Barrow UK in the United Kingdom where they do specialty programs and they recently established a Barrow Foundation in Mexico. She added that Mayor Stanton and Todd Sanders attended the last trade mission in Mexico and they had the opportunity to see the new facility. She noted the foundation in Mexico will promote collaborations and additional activities and outreach in Mexico.

Ms. Pfister stated the way that patients hear about Barrow’s is through their fifty year reputation and they are active in hosting international symposiums around the world, they publish extensive academic publications, and hold webinars. They also get patients through physician referrals and consultations, contracting with international insurers, using Google ad words, and paid advertising.

Ms. Pfister stated that they offer professional concierge services that include medical consultations and second opinions, scheduling of clinic appointments and diagnostic tests, reserving hotel and lodging arrangements, assist with hospital admission and insurance verifications, assist with financial estimates and payments, etc. She added they even have an International Patient Manager that works with their international patients and their physicians while they are still in their home country, so that the transition to their hospital is smooth.

Ms. Pfister indicated that some of the ways local government can help promote medical tourism in our region would be to include hospitals in trade missions, incorporate hospital/healthcare information into our business recruitment materials, use the hospitals as ambassadors, and to help them with packaging local infrastructure and amenities to create the best patient experience possible.

Mayor Schoaf thanked Ms. Pfister for her very comprehensive presentation and asked the committee if they had any questions or comments. Mayor Stanton stated when he attended the trade mission, the patients that he met indicated that their decision to choose Barrow's was because of their area of expertise and exceptional care. Mayor Lane asked what was the average length of stay of a patient and their family in the valley. Ms. Pfister stated the average stay varies on the condition of the patient, and added for a patient with a brain injury their stay could be anywhere from three to eight months and a patient having chemotherapy treatments could be staying here for up to four months.

Todd Sanders stated the quality of care here is the best in the country and after patients leave, they often come back because they like the amenities and the environment, so we need to also look at this beyond medical tourism. Mayor Lewis asked where are the concierge services located. Ms. Pfister stated they are located right at the hospital for anyone that needs any type of assistance or support, including the patient, family members, and staff.

Dee Emon, Vice President of Patient Care Services, Cancer Treatment Centers of America, stated this cancer center is privately owned by one family and has been in Goodyear, Arizona since 2008. She stated it was founded because the Chairman's mother was diagnosed with bladder cancer and she lived in Sun City, Arizona. After flying his mother all around the country for cancer treatments he was disheartened by the lack of care and coordination that was available, so through her estate they formed this facility.

Ms. Emon indicated that patients that come to this facility have late stage and advanced cancers. She reported that about two-thirds of their patients come from out of state because this hospital offers some of the most advanced cancer treatments available. She added that they also have partnerships with Dignity Health, Barrow's, the Mayo Clinic and others.

Ms. Emon stated ninety five percent of the patient care is on a outpatient basis and the hospital has just twenty four inpatient beds. She added a large part of the building is actually outpatient accommodations, because many of the patients stay anywhere between two weeks to three months.

Ms. Emon stated the hospital also offers a dedicated concierge service and has even invested in an entire fleet of transportation vehicles knowing that most patients are too ill to drive. This service has become so popular that they recently invested in a fifty seat bus so that patients and families can go to the Phoenix Zoo, the Botanical Gardens and other attractions, without worrying about transportation. Ms. Emon added that they have contracts with most of the hotels in the area so that they can negotiate rates that the families can afford so that they can stay near the hospital. Ms. Emon added in the past four years approximately 1,500 people have come from out of state.

Ms. Emon stated the competition for qualified employees in the area is an issue. She added they have brought in about sixty employees from outside the state and these employees are buying homes in the area. She added that recently the corporate office, which was in Schaumburg, Illinois decided that they were going to relocate the Corporate IT office to the Goodyear area. This move relocated thirty five employees and it is expected that sixty more employees and their families will be coming within the next twelve months. She added the entire corporate office is also considering relocating to this area.

Ms. Emon stated when we talk about the impact of medical tourism, it is not just about the patients, but also the employees that are needed to be available to take care of this level of patients. She indicated that one of the things they are struggling with is certified translators for their Canadian and Mexican patients. Ms. Emon stated that in the healthcare industry it is required by law to have a certified translator for all healthcare purposes and there aren't a lot of programs offering this.

Chair Schoaf thanked Ms. Emon for her report and asked if there were any comments or questions from the committee. There were none. Chair Schoaf stated medical tourism is a very interesting subject and it can lead to many opportunities in our area. Chair Schoaf asked the members if they have any questions or comments regarding Thunderbird performing a study in this area. Mr. Smith stated he spoke with the President at the University of Arizona who was very interested in this study. Chair Schoaf stated it would be a good idea to understand what drives the industry and, from a public policy standpoint, what the local communities could do.

4. Update on a Visit from Representatives of Obregon, Sonora, Mexico

Denise McClafferty, Management Analyst III, stated on May 17, 2013, MAG staff was notified that representatives from Obregon, Sonora, Mexico were in Phoenix attending an agriculture conference and in an effort to improve relationships with Mexico, staff invited the Sonora representatives to the MAG office. She noted the representatives included the Head Officer of the Economic Development Secretariat in the Municipality of Cajeme and the Former President of the Institute of Technology in Sonora.

Ms. McClafferty stated the general discussion at the gathering was how Sonora and Arizona, as strategic partners, could cooperate regionally and compete globally in areas such as transportation, energy, telecommunications and water. She added the City of Obregon is interested in MAG visiting their region to tour the Port of Guaymas and their historic city. Ms. McClafferty added staff did some preliminary research on a trip to Obregon and it would require three days of travel. To travel by air the cost would be approximately \$650 round trip with a connecting flight in Hermosillo. She stated the cost by bus would be \$3,900, which includes a 54 passenger motor coach, miles, fuel, Mexican insurance, tolls, fees and the driver. This bus trip would be approximately 8.5 hours in length when driving straight through. Ms. McClafferty added the estimated cost for a hotel would be approximately \$100 per night at a typical Holiday Inn. She stated staff is looking for feedback regarding interest in the Obregon trip and whether there is a preference to travel by air or by bus.

Chair Schoaf stated the concept of going to the City of Obregon is a good one and although three days seems like a long time, it is realistic. He added it would be tremendously helpful for local officials and business leader to see the city and Port of Guaymas and he thinks the bus makes the most sense. Chair Schoaf asked if there were any comments or questions from the committee.

Mayor Lewis asked how many people would you consider a good representation. Ms. McClafferty stated they would have to take a 54-passenger bus. Chair Schoaf stated it should not be any less than 30 people that would be committed to going for the three days. Mayor Barney suggested staff check to see if there is a train on that route. Vice Mayor Sellers suggested also looking into touring the maquilas in that area. Chair Schoaf thanked Ms. McClafferty for the report.

Before the next agenda item, Mayor Stanton presented Chair Schoaf a Resolution of Appreciation for his dedicated service as a charter member and Chair of the Economic Development Committee. Mayor Stanton stated Chair Schoaf has done an outstanding job chairing this committee and spoke of his many accomplishments during his tenure, such as the work with Mexico and Canada, resulting in elected officials from the MAG region initiating a dialogue with officials at the ports of entry with Nogales and San Luis, Arizona. The committee gave Chair Schoaf a round of applause. Chair Schoaf stated this committee understands the importance of economic development to our region it is critical that we build a sustainable place for our children and grandchildren in the future. He added these activities assist in bringing the local governments, businesses, and educational institutions together to create a common vision for our region is very important. Chair Schoaf thanked the committee and stated he looks forward to this committee doing a lot of good things in the future.

6. Update on the Incubator Tour

Denise McClafferty, Management Analyst III, stated MAG staff was approached by Nogales, Sonora to tour some of the incubators in our region. She added the Office of Economic Development in Nogales, Sonora is exploring ways to create a Center for Research and Development and their idea is that the center will provide formal structure to advance technology through various types of cooperative agreements between universities, industrial companies, and other institutions, including international institutions.

Ms. McClafferty stated they are interested in learning best practices that could be adapted in their community and they would like to see what methodology our incubators use in providing services, what types of services the incubators offer to companies, and who are the participants. She added this also provides an opportunity for our region to better understand Sonora's research and development needs to possibly collaborate in the future.

Ms. McClafferty stated staff has worked with the incubators in our region and put together a one day tour of four incubators that include ASU Skysong in Scottsdale, Innovations in Chandler, Center for Entrepreneurial Innovations in Phoenix, and AZ TechCelerator in Surprise. She indicated that there would be approximately ten people from Sonora attending

the tour and staff also invited the mayor and economic development person from each of the cities where the incubators are located. She stated that a draft agenda of the tour was at each members place.

Chair Schoaf thanked Ms. McClafferty for her report and asked if the members had any questions or comments. Mr. Smith added that everyone from this committee is invited to attend the tour and to contact staff if they are interested. Chair Schoaf stated that this is a really great project and it will be interesting to see what comes out of this exchange.

7. Request for Future Agenda Items

Chair Schoaf asked if there were any requests for future agenda items. Mayor Stanton stated the City of Phoenix has adopted a ordinance to support local hospitals called the Access to Care Ordinance and has heard that the City of Tempe and the City of Mesa are actively considering the same thing. He stated it would be interesting to hear what the cities are doing in terms of healthcare and perhaps this topic could be on a upcoming agenda.

8. Comments from the Committee

Kelly Taft, MAG Communications Manager, reminded the committee that the Passing of the Gavel ceremony and networking reception will be held on June 19, 2013 at the Downtown Phoenix Sheraton, immediately following the Regional Council meeting. Ms. Taft asked members of the committee to RSVP on the MAG website or contact her directly by June 10, 2013. Mayor Stanton thanked staff for moving the event to an evening meeting so business leaders could also attend.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 12:58 p.m.

Chair

Secretary