

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
ECONOMIC DEVELOPMENT COMMITTEE

January 7, 2014

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

MEMBERS ATTENDING

Mayor Marie Lopez Rogers, Avondale, Chair  
Mayor Scott Smith, Mesa, Vice Chair  
#Mayor Gail Barney, Queen Creek  
Steven Betts, GPEC  
#Dr. Joseph Cavinato, Thunderbird  
Supervisor Steve Chucuri, Maricopa County  
Angela Creedon, Arizona State University  
Mark Dreher, East Valley Partnership  
Thomas Franz, Greater Phoenix Leadership  
Gary Haydon, Haydon Building Corp.  
\*Michael Hoover, Sundt Construction  
Mayor Linda Kavanagh, Fountain Hills  
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, Tempe  
John Nelson, ADOT  
\*Mayor Christian Price, Maricopa  
\*Jim Rounds, Elliott D. Pollack & Company  
#Todd Sanders, Greater Phoenix Chamber  
of Commerce  
\*Mayor Thomas L. Schoaf, Litchfield Park,  
Vice Mayor, Jack Sellers, Chandler  
Bill Sheldon, WESTMARC  
Mayor Greg Stanton, Phoenix  
\*Sandra Watson, Arizona Commerce  
Authority  
Mayor Jerry Weiers, Glendale  
\*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  
Len Becker, Buckeye  
Rob Bohr, Goodyear  
Alana Chávez-Langdon, MAG  
Jami Garrison, MAG  
Brett Gilliland, Infusionsoft  
Jorge González Mayagotia, Mexican Consulate  
Walt Gray, West Side Town Hall Program  
Sandra Gruppa, ASU Morrison Institute  
Shirley Gunther, Avondale  
Donna Kennedy, Tempe  
Denise McClafferty, MAG

Lora Mwaniki-Lyman, MAG  
Lauren Patheal, Triadvocates  
Scott Powell, Gilbert  
Kate Prendergast, Maricopa County  
Linda Priano, MAG  
Nathan Pryor, MAG  
Tom Remes, Phoenix  
Dennis Smith, MAG  
Michelle Rider, WESTMARC  
Jeff Schorey, Entellus, Inc.  
Kelly Taft, MAG  
Marge Zylla, Tempe

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Lopez Rogers at 11:38 a.m. Chair Lopez Rogers stated that Mayor Barney, Dr. Cavinato, Mayor Lewis and Todd Sanders were participating by telephone. Chair Lopez Rogers welcomed Marcelino Flores, Council Member of the Pascua Yaqui Tribe and Jorge González Mayagotia, the Consul for Political and Legal Affairs Consulate General of Mexico in Phoenix to the meeting.

Chair Lopez Rogers noted public comment cards were available for those members of the public who wish to comment. Chair Lopez Rogers 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.

2. Call to the Audience

Chair Lopez Rogers 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. She 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 Lopez Rogers noted that no public comment cards had been received.

3. Approval of the December 3, 2013 Economic Development Committee Meeting Minutes

Chair Lopez Roger asked if the members had any questions regarding the December 3, 2013, meeting minutes. There were none. Steve Betts moved to approve the December 3, 2013 Economic Development Committee meeting minutes. Mayor Lane seconded the motion and the motion carried unanimously.

4. Update on the Resolution of Support for Extending the Border Zone in Arizona

Chair Lopez Rogers stated that she, along with MAG staff, had the opportunity to present this draft resolution at various COG/MPO Directors meetings. She added that tourism is one of the largest industries in Arizona, and tourists from Mexico are critically important. At the peak of the economy, 24 million Mexican visitors came to Arizona and spent \$2.7 billion. Chair Lopez Rogers indicated that the Western Arizona Council of Governments, the Yuma Metropolitan Planning Organization, the Inter Tribal Council of Arizona and the Flagstaff Metropolitan Planning Organization have all passed and signed the resolution. In addition, the Nogales City Council unanimously passed the resolution. She stated that she believes that expanding the border zone in Arizona, to include all of Arizona, will help to improve the state's economy by increasing the number of tourists that visit from Mexico.

Chair Lopez Rogers stated that currently the border zone is 75 miles from Arizona's ports of entry except for Yuma, which is 25 miles and that by increasing the border zone to all of

Arizona will provide more destinations for those looking to visit additional points of interest in the state, potentially attracting more middle class Mexican tourists. Chair Lopez Rogers stated that according to Customs and Border Protection (CBP), the Border Crossing Card is one of the most secure travel documents used at the border and allows for faster processing at both the port of entry and interior immigration checkpoints.

Dennis Smith, MAG Executive Director, stated that this idea began when he attended a workshop in Tempe and was listening to a speaker from the Tucson Convention and Visitor Bureau. The speaker explained how they brought tour buses full of visitors from Nogales, Sonora to Tucson to shop in local malls. Mr. Smith thought this was a great opportunity and wanted to see if we could get the visitors to the valley. While researching this opportunity staff found that we would need to get the distance expanded with Homeland Security. Mr. Smith added that by extending these limits, this could help all of Arizona. He reported that in 2012 travel and tourism in our state generated \$2.6 billion in local, state and federal tax revenues; 161,300 direct jobs; \$5.4 billion in direct earnings; and \$2.6 billion in local, state and federal tax revenues.

Mr. Smith stated that when having discussions with consultants on U.S.-Mexico border issues, they provided information on visas, the I-94 card, and New Mexico's recent border extension policy change. He added that CBP noted in the Federal Register that the expanded border zone in New Mexico would facilitate commerce, trade, and tourism, while ensuring that sufficient safeguards are in place to prevent illegal entry to the United States. Mr. Smith stated that even if they cannot get the border zone extended, they should continue working together to get more staffing at the border. Mr. Smith then introduced Lora Mwaniki-Lyman, MAG Regional Economist.

Ms. Mwaniki-Lyman provided an overview of the 2008 Mexican Visitors Study that was conducted by the Office of Tourism by the University of Arizona. She stated that the travel and tourism industry is one of Arizona's top export-oriented industries and that visitor spending by tourists, both domestic and international, is a major contributor to Arizona and Maricopa County's economy. She added that this industry contributed \$5.3 billion in earnings in 2012 and ranked top among other export-oriented industries.

Ms. Mwaniki-Lyman reported that spending by all visitors whose final destination was Arizona was \$17.1 billion in 2012 and that 51 percent (\$8.76 billion) was spent in Maricopa County. It is estimated that 8.6 percent of visitors spending in Maricopa County in 2008 (\$694 million) was by Mexican visitors. She stated that in 2008, the largest economic impacts of Mexican visitors spending occurred in Pima County and the second largest economic impact occurred in Maricopa County.

Ms. Mwaniki-Lyman indicated that Mexican visitors coming to the Greater Phoenix area in 2008 spent the most per party followed by visitors to Tucson. She explained this is because the majority of these visitors stayed more than one night and the parties tended to be bigger. She reported that two-thirds of the visitors to the Phoenix Metropolitan Area flew into Phoenix Sky Harbor while the remainder drove choosing to enter the U.S. through Lukeville, Sasabe and Naco. The study also determined that Mexican visitors traveling further north

into Arizona tended to come from further south of the border (southern Sonora and Baja California).

Ms. Mwaniki-Lyman stated that the increase in volume of visitors to Maricopa County and the sharp rise in spending levels is an indication of the potential demand for travel to other areas beyond the 75 mile limit. She added that streamlining the visa process and extending the border zone would free up CBP officials. These officials could then be redirected to process trade flow, reducing the border wait time at the ports of entry.

Mr. Smith provided an overview on a 2013 study done by the University of Southern California for the Department of Homeland Security. The study revealed that the Mariposa gateway in Nogales has the highest average wait times. He stated that this port does not have enough staffing, which means we not only have an issue with tourism, we have an issue with staffing to get freight through. He added that the study also determined that by adding one CBP agent at each of the 33 ports of entry would result in a \$65.8 million increase in the U.S. GDP; \$21.2 million in value of time saved from reducing border wait times; and 1,094 annual jobs added.

Mr. Smith stated that some of the comments from the Federal Register when New Mexico expanded their border included local police, and sheriff departments stating that the expansion would have no negative effect on security in the region; Customs and Border Patrol believe the expanded border zone will allow CBP to better allocate its resources while enhancing its enforcement posture; and the Border Crossing Card is one of the most secure travel documents used at the border; and allows for faster processing at both the port of entry and interior immigration checkpoints.

Mr. Smith explained the very different process that Canadian visitors go through to come to the United States. This includes filling out an application online, paying a \$50 fee, getting interviewed by a Canada Border Services Agent (CBSA) and/or U.S. CBP officer, and once approved, they receive a NEXUS card. This card allows them to travel anywhere in the United States for six months. NEXUS is designed to expedite the border clearance process for low-risk, pre-approved travelers into Canada and the United States. He added that a United States-Mexico High Level Economic Dialogue is currently taking place and they are requesting comments. Mr. Smith added that the border limit is one of the comments they are making. He also discussed the delegation that came from Texas to Rio Rico to intercept the produce industry in hopes that they will take the produce trade out of Nogales. He noted that it looks like the Pima Association of Governments is also recommending approval of the extended border zone.

Chair Lopez Rogers asked if there were any comments or questions from the committee.

Mayor Lane asked if New Mexico has done any studies showing the economic impact in retail sales and tourism since they expanded their border zone. Ms. Mwaniki-Lyman stated that New Mexico implemented the extension just late last year, so they have not produced the data for this. Mr. Smith noted that the City of Tucson has shown a gain with the implementation of the extension. He added that MAG recently joined the Border Trade Alliance, which includes California and Texas and would certainly present this to the

Alliance if the policy is implemented in Arizona.

Mayor Lane added that he understands that it is difficult to ascertain the amount of business being lost due to the backlog which exists at the ports of entry, but that with improved efficiency, this could dramatically assist in providing the resources needed to move those transactions forward. Mr. Smith added that he had a discussion with the Consul General of Mexico and on Black Friday the wait time to come across the border was four hours. People were ready to come to the valley to spend their money and instead they were sitting and waiting on the other side of the border.

Ms. Mwaniki-Lyman stated that trends have shown that there has been an increase in Mexico's middle class and they are having more discretionary income to spend on travel and tourism. She noted that if Arizona does not make it easier for them to come here, they will go elsewhere. She also reported that just last week the Federal Government of Mexico increased the sales tax for the northern border states in Mexico, from 11 percent to 16 percent, which is another incentive for people to cross the border and come to Arizona to shop.

Mayor Kavanagh stated that we have to remember that we do have security issues along the border and there is going to be some difficulty in convincing people that by extending the border, this will not increase the insecurity at the border. She wonders if New Mexico has done any studies of abuse of these cards. Mayor Kavanagh stated it would be better to learn from their mistakes so that Arizona does not make the same ones. Mr. Smith stated that the next step would be to need to sit down and meet with CBP and the U.S. Department of Homeland Security (DHS) to have these discussion.

Dr. Cavinato added that he could eventually see that wealthier visitors from Mexico will also begin to look around to purchase a vacation or second home in Arizona. Supervisor Chucri noted that he was also concerned about the crime element, which could circumvent this process. He added that he would like to be ensured that the card could not somehow be duplicated, which would create another problem. He added that he also welcomed the possibility of more spending by Mexican visitors at local business establishments. Supervisor Chucri then asked what are the next steps needed to get this initiative implemented. Mr. Smith stated that the next steps, if this is recommended for approval by this committee, would then go to the MAG Regional Council for their approval. Mr. Smith added that staff also has a meeting with the Council of Government that represents Nogales and Douglas on February 28, 2014 to request their support. He stated that this is not a congressional act but that staff would talk to our congressmen on supporting this and then meet with CBP and DHS.

Ms. Mwaniki-Lyman also commented on the security issues and discussed the stringent screening process and requirements applicants must go through, such as a FBI background check, review of financial/bank statements, fingerprinting, retina screening, etc. and added that a recent study conducted by the Federal Reserve Bank of Dallas showed that their border communities had less criminal activities when compared to other Northern regions in the United States. Mayor Kavanagh asked if there is a time limit on how long they can stay in

Arizona. Mr. Smith stated it is thirty days on a visa. Mayor Kavanagh asked what happens if they do not return within thirty days. Ms. Mwaniki-Lyman stated there is no guarantee that this will not happen. Mayor Smith added that the nature of this card is issued to people that have a history of coming back and forth across the border consistently. Ms. McClafferty added that if visitors are caught violating the thirty day limit, for any other reason, they cannot cross the border again. Chair Lopez Rogers stated the border extension is about moving goods and people to increase and improve Arizona's economy.

Mayor Stanton moved to approved the Resolution of Support for Extending the Border Zone in Arizona to include all of Arizona. Steve Betts seconded the motion and the motion carried unanimously.

5. Promoting Economic Development in Arizona through Innovation and Leadership

Duke Reiter, Arizona State University and Chair of Urban Land Institute, stated that being globally and naturally competitive can sometimes come down to a blocks or a few streets that have created the right environment for innovation and collaboration. Mr. Reiter read a paragraph from the book the "Metropolitan Revolution" by Bruce Katz and Jennifer Bradley, which discusses the role of cities and economic development. He added that it is clear that the real reshaping is being led by networks of city leaders, mayors, and other local elected officials, along with heads of companies, universities, medical campuses, metropolitan business associations. Mr. Reiter then introduced Heyward McAlpin, Sales Director, Yelp, Inc. and Brett Gilliland, Strategic Advisor to the CEO, Infusionsoft, to discuss what companies and innovators are looking for in a community and site, and what tools entrepreneurs need to help them grow and succeed in this region.

Mr. McAlpin stated Yelp, Inc. is a media tech company and their mission is to connect consumers with great local businesses. Yelp Inc. is headquartered in San Francisco, CA and also has offices in New York and London. In 2010, they opened their largest office in Scottsdale, and over the last three years have grown to 600 employees, with 200 more to be added in 2014. Mr. McAlpin added that overall they are very happy with Arizona's quality of life; the weather is great, their ideal candidate profile is recent college graduates, which they get from local and Midwestern universities, and the affordability of housing in Arizona is very attractive. He stated that the two issues that keep coming up are being able to make sure that there is local talent that they can pull from within the state and then retain that talent.

Mr. McAlpin reported that they are starting to lose their top performers to places like San Francisco, New York and London. These top performers are making a good salary and can now afford to move someplace where they feel is more urban, or more "cooler and hip". He added that after working for Yelp, Inc. for two years employees are saying that they do not feel like they are part of their community. Mr. McAlpin stated that he is open to hearing ideas on what Yelp, Inc. can do to assist their employees in finding the connections within their local communities.

Mr. Gilliland, stated that livability, walkability and authenticity appeal to many younger technology workers. He added that when Infusionsoft decided to move into a new, larger

space, it was difficult to find a developer that would accommodate the speed of their growth and have a shorter number of years on a lease. He added that most developers will not do less than a ten year lease term. Thankfully, Infusionsoft was able to find a developer in Chandler who had more space than they needed, offered a three year term, and was also flexible for expansion. Infusionsoft is now the anchor tenant and the building offers in-house incubator businesses. Mr. Gilliland stated he agrees with Mr. McAlpin that it is very important for these employees to create ties to feel like they are part of the tech community and that by investing and creating clusters within these communities, they will thrive.

Chair Lopez Rogers thanked the panel for the information and asked if there were any questions or comments from the committee.

Mayor Lane thanked the panel for their feedback and added that the focus of this committee does center around education, workforce availability, and building clusters of industries. He added that it is important to provide these kinds of environments so that they will attract and retain this type of workforce. Mayor Lewis asked Mr. Wellington about a discussion regarding international students coming to study at Arizona State University. He asked if these students will be living on the school campus or will they have opportunities to stay in various communities that might interest the students in the future. Mr. Wellington stated he did not know where these international students would be residing, but that perhaps an effort in this regard could serve everyone well.

Steve Betts acknowledged the importance of re-purposing older buildings and allowing individuals with new ideas to bring a new history and redevelopment to areas that in the past, have experienced challenges. He added that he is encouraged seeing these unique walkability opportunities for young people to work, live and play are now starting to evolve that include a mixture of activities that include coffee shops, retail, restaurants and businesses. Mr. Betts noted that local governments also play a crucial role in supporting start-up companies in assisting them in finding office space opportunities that are affordable.

Chair Lopez Rogers stated that she appreciated the panels efforts and input. She added that as developers, cities need to find the necessary tools to assist these entrepreneurs in their continued success.

6. Report on Building an International Economic Network (BIEN)

Anubhav Bagley, MAG Information Services Manager, stated in December 2012 the Thunderbird Consulting Team recommended the idea of exploring the development of a digital platform that would encourage collaboration between small and medium sized businesses in Arizona, Mexico, Canada, and potentially other areas. Mr. Bagley provided an update on the status of the platform and discussed the structure of the site, as well as providing the next steps for its implementation. He reported that just in Maricopa County alone, there are 45,000 small and medium size businesses, which is defined as having more than five employees and less than 250 employees. Mr. Bagley provided a map showing the location of all employers in Maricopa County and that ninety five percent are small and medium size businesses. He noted that innovation and growth is happening in the economy.

Mr. Bagley stated that the first step was to research and look at the existing tools and digital platforms that were currently available. What they found was that most of the websites were generally national in focus and trade and/or membership specific. There was nothing regional in design or that encompassed the whole economy itself. Mr. Bagley stated that based on input from this committee, as well as support from the East Valley Partnership, WESTMARC, and various Chamber of Commerce offices, MAG staff has begun development of this online tool named Building an International Economic Network (BIEN).

Mr. Bagley discussed the design of this tool and indicated that it was decided that this would be a free digital platform and would be self-reported by the businesses that are registered. This is where registered businesses would be able to report on their own and the information would then get updated on an annual basis. He added that the site has the ability to do searches based on name, distance, type of business, business areas, clusters, type of activities, etc. Mr. Bagley noted that this is a regional specific tool that encompasses Mexico, Canada and Arizona, with the option to expand to other areas over time.

Mr. Bagley stated that the home page is currently being designed and tested and the creation of an account is very important because that is where information can be collected about the businesses, which will then be used for the database. He added that to be listed and to be part of the database these businesses have to have a physical presence in the trade region. Mr. Bagley stated the database will need to be maintained so that information is accurate and up to date. He added that every user will be required to provide, update, or review their profile at least once a year.

Mr. Bagley stated that the biggest piece of this tool is the business engagement. This is when a registered user can send a request to another registered user to begin to form the business connection. He added that this is done behind the scenes, MAG does not see the messages and/or connections, unless there is an abuser report. He noted that to ensure that there is no spamming, the contact information of every business that has created an account is not shared immediately, again a registered business must first send a request and then the other party has to confirm the request.

Mr. Bagley stated that staff has been working on this for nine months and that they are currently in the pre-testing phase of selected user. He added that they have been receiving positive feedback and a soft rollout begins this month. They are hoping to launch this digital platform in April 2014. Mr. Bagley stated that they will also need to develop a Spanish version of this digital platform, create a business engagement plan by working with other MAG member agency staff, and create a resource list for businesses to have on the website.

Mr. Bagley thanked the Information Technology Division and Communications Division for all their hard work on this. He added that once this is complete, BIEN will assist businesses through this centralized database and that will allow them to search for, and connect with, related businesses to establish new business opportunities.

Chair Lopez Rogers thanked Mr. Bagley for his presentation and asked if there were any questions or comments from the committee.

Mayor Lane asked how this site will be promoted. Mr. Bagley stated that through search engines, MAG member agency websites, various Chamber of Commerce offices, and potentially emailing businesses to generate interest. Mayor Lane then asked what keywords would be used. Mr. Bagley stated that they would be working closely with the Chamber of Commerce offices to see how to engage these businesses, as this is their area of expertise. Mayor Lane asked why is there confidentiality regarding the contact information. Mr. Bagley stated that they want to ensure that the contact information is not picked up by a search engine or someone that is spamming. Mr. Smith stated that this platform is similar to LinkedIn, but for a business to business connection. He added that the mayor of Nogales, Sonora indicated that he would like to bring together the mayors of Arizona and that BIEN would be another place where we could promote this. He stated that staff has also met with the Hispanic Chamber of Commerce and everyone that they have shown this to thinks this is a great idea.

7. Request for Future Agenda Items

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

8. Comments from the Committee

Chair Lopez Rogers asked if there were any comments from the committee. There were none. She stated that the next meeting of the EDC will be on February 4, 2014 at 11:30a.m. at the MAG Office, 302 N. 1st Avenue, Phoenix, Second Floor, Saguaro Room.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:04 p.m.

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Chair

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Secretary