

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
ECONOMIC DEVELOPMENT COMMITTEE

May 6, 2014

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

MEMBERS ATTENDING

Mayor Marie Lopez Rogers, Avondale, Chair  
Mayor Gail Barney, Queen Creek  
Steven Betts, GPEC  
Dr. Joseph Cavinato, Thunderbird  
\*Supervisor Steve Chucri, 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,  
Councilmember 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  
Alana Chávez Langdon, MAG  
John Catapano, Maricopa Community Colleges  
Kathy Hidalgo, Phoenix  
Mike Hoover, Surprise  
Jack Lunsford, Phoenix  
Dan Marum, Wilson & Company  
Denise McClafferty, MAG  
Lora Mwaniki-Lyman, MAG  
Lauren Patheal-Valencia, Triadvocates  
Michelle Pierson, Phoenix

Scott Powell, Gilbert  
Linda Priano, MAG  
Nathan Pryor, MAG  
Tom Remes, Phoenix  
Michelle Rider, WESTMARC  
Jeff Schorey, Entellus, Inc.  
Kelly Taft, MAG  
Mark Valenzuela, ASU

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Lopez Rogers at 11:38 a.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Tom Franz, Mike Hoover, Mayor Kavanagh, Jim Kenny, and Mayor Mitchell joined the meeting via teleconference. 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.

3. 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.

4. Approval of the April 1, 2014 Economic Development Committee Meeting Minutes

Chair Lopez Roger asked if the members had any questions regarding the April 1, 2014, meeting minutes. There were none. Dr. Cavinato moved to approve the April 1, 2014 Economic Development Committee meeting minutes. Mr. Sanders seconded the motion and the motion carried unanimously.

5. Update on Google Fiber

Chad Campbell, Vice President of Resolute Consulting Group, stated that Google recently announced that Scottsdale, Phoenix and Tempe could become one of the first cities in the Valley for potential expansion of Google Fiber. He explained that Google Fiber is an internet and television service that provides internet connectivity that is up to 100 times faster than the basic broadband, along with hundreds of high-definition TV channels. Mr. Campbell discussed world average speeds, with South Korea having the fastest internet speed, while the United States was ranked as the eighth fastest in the world. He also compared the cost per megabit with Japan being the least expensive at \$0.27 per megabit compared to the United States at \$3.30 per megabit.

Mr. Campbell stated that these three cities have been busy going through a checklist of items to help them prepare for the possible local fiber construction project and has been impressed by the enthusiasm and engagement of every one of these cities. He added that this is not a competition among these cities because once fiber is available in one area, it will most likely be expanded to other cities in the region. Mr. Campbell noted that there is still a lot of work

to do over the next few months to tie up some checklist-related loose ends. Google is working with city staffers to draft agreements that would allow them to place fiber huts on city land; several city councils still need to approve these agreements and they will spend some time working with the cities to figure out an ideal permitting process that would be fast and efficient.

Mr. Campbell added that there is also a lot to do beyond the checklist. Google will need to work with either the city or the state to get something called a video franchise agreement, which would basically grant Google permission to build a local network. They may also need pole-attachment agreements with local utilities or other companies who can rent them space on their poles by stringing fiber along existing poles because this is the fastest and least disruptive way.

Mr. Campbell stated that after all of these steps are completed, Google will start drawing up construction blueprints for local fiber networks. These detailed designs will help them see how complex it would be to build in each city, and will be used to determine their final decisions. He added that Google will announce which cities will get Google Fiber by the end of the year and between now and then, they will be working closely with each city's leaders on a joint planning process that will not only map out a Google Fiber network in detail, but also assess what unique local challenges they may face.

Chair Lopez Rogers asked if there were any questions or comments from the committee. Councilmember Sellers asked if this presentation would be available to members. Mr. Campbell stated that this presentation would be emailed to any committee member who would like a copy. Ms. Creedon stated that there has been a lot of criticism for the competition that will add to the marketplace and level playing field. Mr. Campbell stated that Google is not looking for special treatment and welcomes competition. He added that in the Austin, Texas market, AT& T is now going into the broadband market with their own fiber package.

Ms. Creedon also asked what lessons have been learned in communities where it has not been successful. Mr. Campbell stated that currently this service is available in Kansas City, Provo, Utah, and Austin, Texas. He added that Austin was the most challenging environment mainly due to political reasons and not technical reasons. The biggest thing Google has learned is how they rollout the construction phase. This is very critical because this is a "build by demand" model.

Mr. Campbell stated that initially Google Fiber will be available for residential use only. The package will cost approximately \$120 for cable television and 1 GB internet service, or \$70 for 1 GB and no cable television. He added that Google will also offer a free seven year internet package, with customers just paying a connection fee. This will not include the 1 GB speed, but instead will be similar to the speed that most internet customers are currently getting with their traditional internet provider. Mr. Campbell stated that Google is committed to bringing the free access option to as many neighborhoods as possible to try and overcome the digital divide.

Mayor Lewis asked for cities that are currently not in the running, what can they do to get their city in the next round. Mr. Campbell recommended that any city that is interested in this future possibility, should review the fiber checklist; begin looking at the energy standards to see if

their city is capable; express their interest to Google; and begin preparation for the next round. Mr. Sanders asked how will Google tie in with the current infrastructure. Mr. Campbell stated that Google is currently working with SRP, Centurylink, APS, and others and that conversations have gone very well. Agreements will be worked out in protecting existing infrastructure. He added that Google is also committed in working with companies and entities that will make the incumbents feel comfortable. Mr. Campbell stated that he feels very confident that things are moving forward in a positive way and added that if any committee member has other questions or concerns to please contact him. Chair Lopez Rogers thanked Mr. Campbell for his presentatio.

## 6. Regional Economic Development and Core Competencies Survey Results

Donna Kent, Vice President of Tallwave, stated that in October 2013, she provided a report on a healthcare business competition by Tallwave. She added that Tallwave also presented to the MAG Management Committee in November 2013, and during that meeting, the Management Committee suggested collecting an inventory of core competencies of the region's jurisdictions to assist Tallwave in its efforts and to include local governments.

Ms. Kent provided a report on the survey results and next steps. She explained that since 2011, Arizona has claimed the number one, two or three spot as an early start up environment, but that Arizona continues to fall off significantly during the phases of scaling and commercialization of companies. She noted, as a result, cities in Arizona have a key opportunity to capture and embrace early stage companies to help keep them and grow them locally. Ms. Kent added that in 2012, \$484 million was invested in venture capital in Arizona, however, less than \$20 million went to pre-seed investments and only nine percent went to women invested companies.

Ms. Kent stated that the survey results also showed that 58 percent of the cities have incubators and 65 percent said they had allocated funds to support innovation. She added that 88 percent see innovation and start up activity as key to the city economic development strategy. Ms. Kent added that health care, because of the growth in the West Valley, was at the top of the core competencies, but that they are also starting to see aerospace, small manufacturing, education tech, and digital IT across the board. She added that 25-33 percent of cities are still unsure of their path to the innovation economy to support their growth, and are looking for direction from consulting organizations in this area.

Ms. Kent added that by working with Tallwave, accelerators, or incubators cities are able to facilitate greater opportunity for commercialization and expansion of early stage companies in their community. She discussed the Arizona entrepreneurial ecosystem, which includes university partnerships, incubator partnerships, and city engagement. Ms. Kent stated that in order to build an innovation economy, an increase in early venture companies, more activities associated with commercialization, better alignment among key players and identifying a strategy at the government level will be needed.

Ms. Kent discussed the High Tide program and reported on the High Tide Two competition, which was focused on healthcare. She stated six companies graduated and within thirty days, four companies had already received funding. She added that Tallwave is expanding its High Tide program to include partners in corporate ventures, industry ventures, and socioeconomic

opportunities in mobility, healthcare IT, education IT, clean tech and minority developed startup sectors. She noted that they are also meeting with the Grand Canyon Trust and to see what opportunities Tallwave can provide to help the tribes with their incubators.

Chair Lopez Rogers thanked Ms. Kent for the presentation and asked if there were any questions or comments from the committee. Mayor Stanton commented that in Silicon Valley the entrepreneurial ecosystem involves traditional large companies allowing small startups the opportunities to use their resources and proof of concepts. He asked Ms. Kent if the large companies in Arizona recognize and understand the important roll they play. Ms. Kent stated that the larger companies, such as Mayo Clinic, Cancer Treatments of America, and others are beginning to recognize this and added that Brad and Heidi Jannenga from WebPT have been extremely generous and have done an incredible job in bringing new entrepreneurs into their organization and giving them access to their resources and network, while also providing feedback.

7. Update on the Second Binational Economic Forum, Nogales, Sonora

Alana Chávez Langdon, MAG International Economic Development Analyst, provided an update on the Second Binational Economic Forum held in Nogales, Sonora on April 10-11, 2014. She stated that there were approximately 230 attendees, including 30 mayors from the State of Sonora and 32 elected officials from Arizona. She added that the purpose of this event was to provide an opportunity to exchange ideas, discuss international trade and develop regional economic strategies.

Ms. Chávez Langdon stated that during the event, a partnering agreement was signed by the Association of Mayors of Sonora and local Arizona elected officials to establish an Arizona-Sonora Binational Megaregion. She noted that the vision is one that will provide a framework to address important policy matters and position Arizona and Sonora as a megaregion destination for global competition. This partnering agreement is expected to enable the development of local relationships to advance projects of local and regional significance on both sides of the border in areas such as transportation and infrastructure, education, economic development, border security and public safety, trade area promotion, commerce and tourism.

Ms. Chávez Langdon added that municipalities in Sonora formed a governance organization similar to our League of Arizona Cities and Towns, the first of its kinds for the Mexican state. La Asociación de Alcades de Sonora will establish municipal priorities for cities and towns in the state of Sonora. She added that the Executive Director, Ken Strobeck, of the League of Arizona Cities and Towns invited the mayors of Sonora to their annual August meeting.

Chair Lopez Rogers thanked Ms. Chávez Langdon for her update and asked if there were any questions or comments from the committee. Mr. Smith added that next steps could include developing a combined asset map for Arizona and Sonora. He suggested that together they could plan how the port of Guaymas can assist both parties and also how Union Pacific and Burlington Northern Santa Fe railroads and Sky Harbor International Airport are great assets for both regions. He added that these assets can attract many things globally, but we need to get the word out. Chair Lopez Rogers added that she appreciated all the effort that staff put into this event to make it successful. She also thanked all the mayors that participated in this important event.

8. Request for Future Agenda Items

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

9. Comments from the Committee

Chair Lopez Rogers asked if there were any comments from the committee. There were none.

Chair Lopez Rogers stated that the next meeting of the EDC will be on May 6, 2014 at 11:30 a.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 12:31p.m.

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Chair

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Secretary