

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
ECONOMIC DEVELOPMENT COMMITTEE

October 7, 2014

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

MEMBERS ATTENDING

Mayor John Lewis, Gilbert, Chair  
Mayor Michael LeVault, Youngtown, 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  
\*Councilmember Alex Finter, Mesa  
\*Thomas Franz, Greater Phoenix Leadership  
Mayor Linda Kavanagh, Fountain Hills  
Jim Kenny, El Dorado Holdings, Inc.  
Mayor W.J. "Jim" Lane, Scottsdale  
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  
Dan Spitz, Achen-Gardner Construction  
\*Mayor Greg Stanton, Phoenix  
\*Sandra Watson, ACA  
Mayor Jerry Weiers, Glendale  
#Mayor Kenneth Weise, Avondale  
Mayor Sharon Wolcott, Surprise

\* Not present

# Participated by video or telephone conference call

OTHERS PRESENT (from sign-in sheet(s)):

Thomas Adkins, Glendale  
Roc Arnett, EVP  
Anubhav Bagley, MAG  
Peter Burnett, MAG  
Alan Carey, Gilbert  
Kiva Couchon, AOT  
Natalia Cuneo, MAG  
Melissa Elkins, AOT  
Marcelino Flores, Pascua Yaqui Tribe  
Dan Franklin, ACA  
Brad Lundhal, Scottsdale  
Denise McClafferty, MAG

Lora Mwaniki-Lyman, MAG  
Sharath Patil, U.S. Commercial Service  
Linda Priano, MAG  
Nathan Pryor, MAG  
Dennis Smith, MAG  
Tim Strow, MAG  
Kati Suominen, TradeUp Capital Fund  
Kelly Taft, MAG  
Karin Taylor, DMB  
Mark Valenzuela, ASU  
Glenn Williamson, CABC  
Marge Zylla, Tempe

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Lewis at 11:32 a.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Mayor Barney, Supervisor Chucuri, Mayor Meck and Mayor Weise joined the meeting via teleconference. Chair Lewis recognized Dan Spitza, Vice President and Co-Owner of Achen-Gardner Construction, as a new member of this committee. Mr. Spitza stated that he has been a resident of Phoenix for over 30 years and is currently serving on the Executive Committee and Board of Directors for the Arizona Chapter of the Associated General Contractors of America. He is also an active member of the Alliance for Construction Excellence, Arizona Chapter American Public Works Association, American Council of Engineering Companies of Arizona, AZ Water Association, Design-Build Institute of America, and is also the Arizona Transportation Builders Association Vice President. Mr. Spitza stated that he has managed regionally significant projects for the Arizona Department of Transportation, Maricopa County Department of Transportation, and almost every public agency in Maricopa County, as well as in Pima, Yavapai and Pinal Counties. He noted that he brings more of an hands-on construction background to transportation and infrastructure issues associated with economic development.

Chair Lewis announced that there is one remaining transportation seat vacant on this committee and if any member knows someone who would be interested in being a member of this committee to contact MAG staff. Chair Lewis stated that there are updated items at each members place for agenda item #9.

Chair Lewis noted public comment cards were available for those members of the public who wish to comment. Chair Lewis 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 Lewis noted that the Call to the Audience provides an opportunity to members of the audience who wish to speak 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. Citizens are requested to not exceed a three minute time period for their comments. A total of 15 minutes is provided for the Call to the Audience agenda item, unless the Economic Development Committee requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard.

Chair Lewis recognized public comment from Alan Carey, resident of the Town of Gilbert. Mr. Carey stated that the Euro Group of the Arizona Commission for Global Growth is announcing, in cooperation with GPEC, a seminar being held on December 16, 2014 for aeronautical, aviation and aerospace companies. He added that discussions will include learning more about the June 2015 Paris Air Show and will give attendees the opportunity to

connect with representatives from France, Luxembourg, Belgium, Germany and Holland. He added that financing information for the air show will also be presented. For more information in this event contact Mr. Carey at 480-926-8927 or [careyar@gmail.com](mailto:careyar@gmail.com).

Mr. Carey informed the committee that the Dutch Business Conference will be held at the Greater Phoenix Economic Council (GPEC) on the morning of October 16, 2014, which will include the presence of the Consul General from the Netherlands. Mr. Carey stated that members of this committee and their economic development staff are invited to attend. The primary focus of the discussions will be economic development. For more information regarding this event, email [fmeijers@dutch-american.org](mailto:fmeijers@dutch-american.org). Mr. Carey also stated that on November 3-5, 2014, a representative from the French government based in San Francisco will be visiting Arizona to meet with companies interested in increasing their operations in France. He invited the committee to this event. For more information members can contact Mr. Carey at 408-926-8927 or [careyar@gmail.com](mailto:careyar@gmail.com). Chair Lewis thanked Mr. Carey for his comments.

4. Approval of the September 9, 2014 Economic Development Committee Meeting Minutes

Chair Lewis asked if the members had any questions regarding the September 9, 2014, meeting minutes. There were none. Councilmember Sellers moved to approve the September 9, 2014 Economic Development Committee meeting minutes. Steve Betts seconded the motion and the motion carried unanimously.

5. Report on Funding Options to Increase Exporting Opportunities

Kati Suominen, Founder and CEO, TradeUp Capital Fund and Nextrade Group, LLC, stated that exports are critical for growth in this region and reported that there are more than 700,000 jobs in Arizona related to exports. She indicated that Arizona has approximately 8,078 small and mid size exporters, which is 88 percent of all exporters. Currently, Arizona only exports approximately six percent of the gross domestic product. Arizona has 400,000 companies in the state (including large companies) and only 10,000 companies export. This tells us that there is room to expand the number of exporters, as well as the volume of exports. One of the obstacles that constrains businesses from exporting is financing, which is critical for growth. A study completed by the U.S. Trade Commission found that companies lack access to capital as the primary reason of not exporting, as well as shipping costs, high tariffs, and language barriers.

Ms. Suominen described a new platform that has been launched to enable globalizing companies to connect with accredited investors and lenders. She explained that a company can register and place their profile on the website, describe their export related services and what are their growth or capital needs. This platform then connects experienced seasoned lenders with companies looking for investors. The accredited investors can review these profiles and invest if they are interested. Ms. Suominen provided an overview of the website [www.TradeUpFund.com](http://www.TradeUpFund.com), as well as a few of the companies that they have worked with. She offered to meet with cities and towns to organize a seminar or webinar with TradeUp to raise awareness of this platform for the exporters and to-be exporters in our region. Ms. Suominen also stated that her consulting firm is currently working on a policy paper with the Brookings Institution on how state governments can assist exporters in receiving financing.

Chair Lewis thanked Ms. Suominen for her report and asked if anything is currently being promoted in Arizona to help companies know about this opportunity. Ms. Suominen stated that there have been some preliminary discussion with the Arizona Commerce Authority, but nothing has been formalized. Chair Lewis asked if there were any questions or comments from the committee.

Mr. Betts stated that the presentation was excellent and the information is very helpful. He added that he was surprised that Arizona does not have enough companies doing exports. Mayor Kavanaugh asked if a screening process is done to make sure that these are viable companies being passed along to investors. She also asked if TradeUp picks specific investors or is it open to any investor? Ms. Suominen stated that they only select screened viable companies and that there are certain aspects/boundaries that the Securities and Exchange Commission will not allow, and in those cases, they have a broker partner that will introduce companies to the investors, if TradeUp is unable to do it directly.

6. Report on RevAZ: Manufacturing a Revolution

Dan Franklin, Executive Director of the RevAZ program, with the Arizona Commerce Authority (ACA), provided a report on the RevAZ program. He explained that RevAZ is funded by the National Institute of Standards and Technology and the state. The program was created to provide support and “match making” services to Arizona's small and medium sized manufacturers. Mr. Franklin explained that Arizona has approximately 43,000 manufacturing companies and that 70 to 80 percent are small sized companies, with less than 20 employees. RevAZ provides a team of experienced manufacturing experts that will work with companies to review what is prohibiting them from growing. The team can assess, train, and guide them in various ways to grow their sales, eliminate waste, reduce costs and provide experts for the services or products.

Mr. Franklin provided examples of some of the challenges manufacturing companies were facing and the support that they received from RevAZ. One company he discussed manufactures ammunition and they needed to implement a first class safety program. The RevAZ team was able to put them in contact with a high end safety group that was able to assist them. Another company faced challenges sourcing a specific plating process, and the team was able to connect that customer with a quality vendor to satisfy critical specifications. RevAZ also organized a trip for an entire manufacturing team located in Scottsdale, to visit and tour a manufacturing facility in Tucson that is approximately two years ahead of them in how they operate. By going and actually seeing how they run this facility was very helpful to them. Mr. Franklin also discussed another company that sells human muscles, tissue, and bones to research labs and medical hospitals. He noted that they are a very successful company that needed help with an IT system, which RevAZ was able to assist them with.

Mr. Franklin encouraged the committee to raise awareness of the RevAZ program through their economic development departments, so that their local manufacturing companies could take advantage of this service, at no charge. He also stated that October is Manufacturing Month in Arizona and there are many events, student site visits, tours and open houses. For more information go to [www.manufacturingrevolution.com](http://www.manufacturingrevolution.com).

Chair Lewis thanked Mr. Franklin for his presentation. Chair Lewis asked if the communities were taking advantage of this program. Mr. Franklin responded that the program is being utilized but there is room for additional visits and calls.

Mr. Betts inquired if there are any costs related to receiving the program's technical assistance. Mr. Franklin noted that RevAZ offers an overall assessment of the company at no cost. However, if there is a specific area where the staff does not have the required expertise, a third party consultant is available for a fee.

Mayor Kavanagh noted that this program seems like the second step to the incubators and she wondered if the incubators would be a good source to connect with RevAZ. Mr. Franklin stated that they have helped some incubators that are now in business. He added that they recently launched an "Export Tech" program, which is for a company that is interested in exporting, but does not know how to get started. He explained that RevAZ will bring in a facilitator and help the manufacturer go through various steps, to see if they have a product that has a market for export and if they do, the manufacturer will have an export plan that is achievable by the end of the program. Mr. Franklin thanked the committee for their time and invited them all to take advantage of the RevAZ program.

7. Report on Tourism Survey

Chair Lewis stated that at the February 4, 2014 meeting, this committee requested that MAG staff explore how businesses and tourism industries are currently collaborating and if more can be done to increase business opportunities through tourism. Lora Mwaniki-Lyman, MAG Regional Economist, stated that staff interviewed major stakeholders and administered a brief survey to identify the current status of engagement between tourism organizations and the business development agencies, as well as potential gaps or opportunities.

Ms. Mwaniki-Lyman stated that Greater Phoenix Region is often referred to as a sports haven and is the envy of its peers for the scale and level of special tourism events that it hosts. These events range from the world renown Cactus League Spring Training, which brings together 15 professional baseball teams, attracting over 1.6 million from domestic, and international fans, to the Super Bowl, and to the award winning Phoenix Convention Center, which is one of the top twenty convention centers in the nation. She noted that it is estimated that sports fans earn 30 percent to 40 percent higher than average wages and include business owners and decision-makers. She noted that these activities provide opportunities to promote business development and increase foreign direct investment, business relocation, and increase high-wage jobs.

Ms. Mwaniki-Lyman reported that MAG staff conducted a study to identify existing strategies and opportunities to promote business development at special events and evaluate whether there was a need for a stakeholder group. Staff interviewed seven agencies and sent a survey to 75 respondents representing the cities, towns and communities, convention and visitor bureaus, chambers, and relevant business associations in the region. She acknowledged and thanked all the agencies that participated in this study. Ms. Mwaniki-Lyman explained that the interview and survey results provide a broad picture of the intersects and strategies that currently exist. When asked how their organizations collaborate during special events to promote business development, survey respondents indicated that they engage the most with

both economic development and tourism entities when planning special events that tend to have a regional or sub regional impact. She added that marketing campaign activities were the second highest mentioned form of collaboration, while business networks was the third most mentioned form of collaboration between economic development and tourism entities during special events.

Ms. Mwaniki-Lyman explained that the interviews provided a strong indication that interaction between economic development and tourism entities during special events does exist. One survey question asked how often organizations meet or interacted on economic development activities or tourism related special events, indicated that economic development entities at the state and regional level meet at least once a month with local (cities and town) economic development representatives. Likewise, local convention and visitor bureaus, and state-level tourism entity meet frequently to discuss economic development and tourism activities. However, not all but most cities and towns economic development representatives interact with the state-level tourism entities only during special events or at least once a year, and most local convention and visitor bureaus also interact with state and regional economic development entities during special events or once a year. This is somewhat not a surprise given the functional and state mandate differences between economic development entities and tourism entities. However this is where respondents indicated a need to engage much more.

Ms. Mwaniki-Lyman explained that the high level of interaction between local, state and regional entities is through structured meetings and partnerships that are usually organized at the state or regional level. She discussed structured partnerships and agreements, which include a memorandum of understanding for strategic alliance at the state level, that enhance or engage in research, trade shows, marketing, and tours. The Greater Phoenix Economic Council (GPEC) provides a tour package that engages city and town economic development offices. It provides personal site selection tours for high level executives. Others partnerships include marketing campaigns specific to business attraction or leisure and travel. More recent efforts include collective engagement between local, regional and state agencies to promote tourism along the border, as well as the Velocity process where a wide array of entities collaborate and contribute ways they can be of assistance. The previous 2008 Super Bowl was mentioned quite often as a great example of collective collaboration between economic development and tourism entities across all jurisdictions in the region.

Ms. Mwaniki-Lyman also discussed gaps and opportunities. When asked whether they market special events to out-of-state businesses, 47 percent of survey respondents said yes, however most of it is done through social media and on-line applications. Invitations to events were identified by 76 percent of respondents as the type of information most shared between economic development and tourism entities. Information on research findings, market information and visitor profiles was also widely shared. While business profiles and contacts are shared both in formal and informal settings, entities do not share confidential information about their tourists. When asked whether an opportunity exists for tourism and business development organizations to collaborate, 88 percent of the respondents said yes. When asked if there is a need to develop a tourism and business development stakeholder group, 76 percent of the respondents indicated an interest. The respondents that felt there was a need for a stakeholder group were asked to comment on what the stakeholder group would do. There was an indication for a need for more interaction between economic development and tourism

entities at the state, regional, and local levels.

Ms. Mwaniki-Lyman stated that the stakeholder group could be engaged in developing a regional and state branding message that includes leisure, travel and business promotion components in the messaging. She provided examples of regions that have developed a similar type of branding which include the Colorado, New York, and Michigan ads. She added that the respondents stated that they would also like to be more engaged at the onset of projects. There was also an interest to have a temporary structure in place that would engage local, regional, and state entities during special events that have a regional impact, which would facilitate broader participation. A strong and committed effort to bring them together would be needed to counter the legacy or effort to keep them apart.

Chair Lewis thanked Ms. Mwaniki-Lyman for the survey results and asked if the other stakeholders have seen the results of this study. Ms. Mwaniki-Lyman stated that this committee was the first to see the results, but that they will also be shared with the GPEC and the AOT. Chair Lewis stated that he liked the idea of a "tourism to business" conference and asked who would be the group to organize this? Ms. Mwaniki-Lyman stated that based on the survey results, this would be a recommendation to the stakeholder group. Chair Lewis asked if there were any comments or questions from the committee. Mr. Smith highlighted that the main focus of the study was to identify if there was stakeholder crossover and if there is any opportunity for further engagement.

Mr. Rounds commented that when reaching out to some of these groups, there seems to be resistance in putting business development into the tourism focused groups. He noted that the AOT may be reluctant to take on a project where they are having to manage business development and tourism at the same time. Mr. Rounds added that he has been a supporter of additional tourism funding because compared to a lot of other states, Arizona is underfunded. He stated that even though the numbers look good, Arizona has to look at where we could be. He noted that it is challenging to convince some lawmakers at the state level that they should spend more on tourism unless we are also talking about business development. The conversation goes from support for tourism, to how can we blend this and bring in businesses.

Mr. Rounds stated that he understands this argument and one issue that keeps coming up is the large state deficit. He indicated that there is still an opportunity to find funding to spend on the business promotions, but that this is different than also giving funding to AOT. He noted that he has been pushing the argument that these two things are tied together at the funding and state levels. Mr. Rounds added that he is beginning to appreciate more that ACA and others having the business promotion, which is their business, and AOT being a separate discussion to fund tourism. He added that increasing the coordination between tourism and business development agencies might be the right direction to go in order to get additional funding. Mr. Rounds stated that he would like feedback from the committee. This survey shows that there are opportunities to coordinate. Mr. Betts stated that he appreciates that we are beginning to understand that we have to promote the business side, as well as the tourism side. He added that this needs to be done all the time, not just during mega events, such as the Waste Management Phoenix Open and Super Bowl. He commented that business owners come to Arizona all year round and that we need to find a way to promote the business side while they are here.

Mayor Lane noted that there is an understanding that Arizona is a great place for tourism but it is not as well-known as a great place to develop or invest in a business. He emphasized the importance of a better utilization of tourism as a mechanism to attract business and investments to Arizona. He stated that there is a balancing act between putting money into tourism for business development versus putting money into business development for tourism. This could possibly hurt tourism, however if you emphasize tourism, it plays well with the attraction of workforce. He also suggested that the ACA, GPEC, and individual cities and towns consider having a presence at some of the major events, such as the Waste Management Phoenix Open, as a starting point. Chair Lewis thanked the committee for the comments and requested that Mr. Rounds continue keeping the committee informed on this subject.

8. Report on the Arizona-Canada Connection

Chair Lewis introduced Glenn Williamson, Founder and CEO of the Canada-Arizona Business Council (CABC) to the committee. Anubhav Bagley, MAG Information Services Manager, stated that MAG staff was invited to the CABC meeting to discuss the Canadian impact on the Arizona economy and he provided a report on the Arizona-Canada connection. He explained that Canadian residents account for 93 percent of all internationally owned residential property in Maricopa County, which is 21,848 housing units, worth \$4.8 billion. He added that Canadians also account for 90 percent of all internationally owned nonresidential (commercial) properties in Maricopa County, with a worth of \$7 billion. He also noted that 275 current Canadian owned companies are in our region, which employ over 13,400 people. In addition, Canada has interests in Arizona and Mexico, which could also create many opportunities for Arizona.

Mr. Williamson highlighted the importance of the relationship between tourism and foreign direct investment by reporting that one of the main reasons why Canadians have invested heavily into Arizona is because the Arizona Office of Tourism has worked for decades in Canada nurturing the Arizona market. He also noted that the 275 current Canadian companies that are in Arizona is just the beginning and that there is a major corporate movement coming up in the near future. He added that the data MAG has produced is being sent to a series of high level board rooms in Toronto. He encouraged the mayors to pay close attention to the Canadian influences that are already in their communities because each one of those can influence others to do business here.

Mayor Kavanagh asked Mr. Williamson if he sees Canada changing the rule in regards to how long Canadians can stay in the United States. Mr. Williams stated that he does not believe this would happen because it would be detrimental to the Canadian economy. He added that the provinces have tried to extend the stay from six to seven months, but if Canadians stay longer than six months, they lose their health care.

9. Overview of the Activities of the MAG Economic Development Committee (EDC)

Chair Lewis stated that an update of future potential areas of focus for this committee was provided to each member and asked them to review it. He encouraged members to provide feedback or suggestions.

10. Report on the State of Americas Events

Due to the length of the meeting this item was not heard.

11. Request for Future Agenda Items

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

12. Comments from the Committee

Chair Lewis invited committee members to a roundtable discussion on October 10<sup>th</sup> with the Secretary of Finance, Rodolfo Gómez, from Nuevo Leon, Mexico. The discussion will begin at 9:00 a.m. at the MAG office. Discussions will include cross border trade and learning more about what Mexico is doing to increase its competitiveness.

Ms. Creedon commented that Arizona State University (ASU) has made it to the next step in a National Science Foundation grant, in partnership with other universities, for a new engineer research center. A site visit will be held at ASU on October 21, 2014 beginning at 2:45 p.m. and support from local government during that visit would be highly valuable. Mr. Smith added that this is the agreement that was done with the universities to provide local government support to get the funding into the universities.

Chair Lewis also invited members to participate in a visit to Hermosillo, Sonora in response to an invitation from Deputy Samuel Moreno. The event will take place on November 10 and 11, 2014. Any member interested in attending should contact MAG staff.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:00 p.m.

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Chair

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Secretary