

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

February 3, 2015

MAG Offices, Saguaro Room
302 North 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor John W. Lewis, Gilbert, Chair	#Mayor Mark Mitchell, Tempe
Mayor Michael LeVault, Youngtown, Vice Chair	John Nelson, ADOT
Mayor Gail Barney, Queen Creek	Mayor Christian Price, Maricopa
Steven Betts, GPEC	Jim Rounds, Elliott D. Pollack & Company
Dr. Joseph Cavinato, Thunderbird	*Todd Sanders, Greater Phoenix Chamber of Commerce
Angela Creedon, Arizona State University	Mayor Thomas L. Schoaf, Litchfield Park,
Mark Dreher, East Valley Partnership	Councilmember Jack Sellers, Chandler
Thomas Franz, Greater Phoenix Leadership	Bill Sheldon, WESTMARC
#Mayor John Giles, Mesa	Dan Spitz, Achen-Gardner Construction
Mayor Linda Kavanagh, Fountain Hills	Mayor Greg Stanton, Phoenix
Jim Kenny, El Dorado Holdings, Inc.	Sandra Watson, ACA
Mayor W.J. "Jim" Lane, Scottsdale	Mayor Jerry Weiers, Glendale
Mayor Georgia Lord, Goodyear	Mayor Kenneth Weise, Avondale
Mayor Jackie Meck, Buckeye	Mayor Sharon Wolcott, Surprise

* Not present

Participated by video or telephone conference call

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

Thomas Adkins, Glendale	Jenna Goad, Glendale
Rachel Aja, Peoria	Kathya Hidalgo, Phoenix
Roc Arnett, EVP	Matt Ligouri, Goodyear
Anubhav Bagley, MAG	Mayor López Caballero, Hermosillo, Sonora, Mexico
Len Becker, Buckeye	Silvia Felix de López Caballero, Hermosillo, Sonora, Mexico
Frank Beltran, Trade Base Mexico	Denise McClafferty, MAG
Alan Carey, GBI	Linda Priano, MAG
Alana Chávez Langdon, MAG	Nathan Pryor, MAG
Carol Columbo	Dennis Smith, MAG
Robert Cox, ASU/Tempe	Kelly Taft, MAG
Michael Crow, ASU	Richmond Vincent, Goodwill
Natalia Cuneo, MAG	

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Lewis at 11:36 a.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Mayor Giles and Mayor Mitchell joined the meeting via teleconference. Chair Lewis stated that a special reception had just been completed and welcomed Mayor López Caballero's, from Hermosillo, Sonora, Mexico and his delegation.

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, who resides in Gilbert and is Managing Director of Global Business, Inc.

Mr. Carey explained that the Paris Air Show is the world's most important show for the aeronautical industry and will be held in June of this year. He added that the aeronautical industry is Arizona's largest industry, with 1200 companies employing thousands of people. He stated that he has met with officials in the Paris region who are ready to set up appointments with Arizona companies that will be attending the Paris Air Show. These include companies from Belgium, Brussels and Luxembourg. He added that the Aerospace and Composite Cluster of Luxembourg will be coming to Arizona this March and the Flanders Aerospace Group will be coming to Arizona next year to meet with companies.

Mr. Carey suggested that this topic be discussed as new business and that each MAG city contribute a minimum of \$5,000 from their economic development budget for an Arizona delegation to attend the show. He stated that these funds would help defray the cost of companies participating in the program. Mr. Carey stated for more information on this event he could be contacted at 480-926-8927 or careyar@gmail.com. Chair Lewis thanked Mr. Carey for his comments.

4. Approval of the January 6, 2015 Economic Development Committee Meeting Minutes

Chair Lewis asked members of the committee if they had any questions or comments regarding the January 6, 2015, meeting minutes. There were none. Mayor LeVault moved to approve the January 6, 2015 Economic Development Committee meeting minutes. Steve Betts seconded the motion and the motion carried unanimously.

5. Report from Arizona State University President Michael Crow

Michael Crow, President of Arizona State University, provided a report on the strong correlation that exists between college attainment and the success of the regional economy. He explained that in order to keep up with the changing economy, workers need to be more adaptable. Individuals with a college education are, in most cases, more adaptable and are able to change careers and jobs more quickly. Dr. Crow presented data regarding the impact of college attainment in the workforce and in the economy. He explained that data analyzed since the recession in 2007, shows that by March 2013, college graduates had 9.1 percent more available jobs in the economy, whereas for high school graduates there were nine percent fewer jobs and for individuals with less than a high school degree there were 14.1 percent fewer jobs in the economy.

Dr. Crow discussed the unemployment rates among individuals aged 25 years old and older, which were significantly higher for those with less education attainment. In Arizona, the state has a lower level of college attainment than the national average. The overall conclusion of this data is that in regions with lower levels of education attainment, the economies are underperforming and are recovering from the recession at a slower rate. Dr. Crow also showed data comparing Arizona to other states in the western part of the United States and highlighted that Arizona falls 80 percent below the U.S. average per capita GDP, while Colorado, Washington and Oregon are above the national average. He reported that the key variable determining this difference was the level of college attainment within the population, meaning that these three states are more competitive. Dr. Crow discussed the math, reading and science scores of general education in Arizona, which falls far below the scores in the United States.

Dr. Crow showed how the state finances are also affected. He reported on the percentage of individuals aged 25 years and older living in households participating in selected public assistance programs based by educational levels. He explained that 43 percent of individuals who did not receive a high school diploma are on public assistance compared to just nine percent if they received a Bachelor's degree or higher. He also compared the percentage of individuals that receive the SNAP program and free school lunches, based on the level of education. Dr. Crow stated that Arizona invests approximately \$15,000 per college graduates; it costs Arizona four times this investment, for a non-graduate, which is an unbelievable tax burden.

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

Mayor Lane asked when discussing the per capita GDP, was the high percentage of retired people a contributing factor. Dr. Crow stated that Arizona is below the national average of retirees in the economy. He added that the top performing states are consistent, between Republicans and Democrats, in making educational success an objective.

Mayor Stanton commented that according to the data presented, Oregon has made incredible progress during the last decade. Dr. Crow noted that Oregon's economy is export-based, meaning that its economy has many global companies like Adidas, Nike, and Intel. These companies have the ability to attract a talented workforce. He added that although Oregon's population is slightly smaller than Maricopa County's population, its public universities have more students than institutions in Arizona. Oregon also has a higher number education institutions. Mayor Weise added that the calculation based on retirees should not be calculated towards the per capita GDP because retirees live here part time and are not considered residents of Arizona.

Mayor Wolcott commented that she always encourages retirees to make Arizona their full time residence and added that seventy percent of her residents are young families. She asked Dr. Crow what the difference in higher education costs are in Arizona versus the other states that were discussed. Dr. Crow stated that Arizona is only slightly higher than other states and does not believe costs or finances are a driver. He added that there are high schools in Arizona where not one student has ever graduated from college and that half of the students coming to public universities in Arizona, come from just ten percent of the high schools.

Dr. Crow indicated that the main obstacle in increasing college attainment is that the State has not made education attainment its number one objective among its policy makers. He added that only by having higher levels of education attainment, will the state will be able to have a stronger and more diversified economy. Dr. Crow added that Bill Haslam, Governor of Tennessee, has made education his number one priority. The Governor has said that for the economy of Tennessee to be successful he needs ninety percent of students to graduate from high school and fifty five percent to go on to post-secondary degrees. Dr. Crow added that by making education his top priority, Governor Haslam has reformed universities, changed funding models, and adopted new K-12 instruction.

Dr. Crow reported that ASU has produced approximately 207,000 graduates that worked in Arizona in 2012, earning an estimated \$11.4 billion. These graduates directly contributed \$819 million in state taxes. He added that a two percent increase in the share of university graduates in the workplace would equal an estimated \$1.2 billion gain in income and an additional \$87 million in state tax payments.

Mayor Weise asked on a local level, what can change the education mindset. Dr. Crow stated that in order to improve our economy, we need to make educational attainment a priority. He explained the broader the economy, the more diverse economy. Mayor Lewis asked what specifically can local elected officials and members of this committee do to help in the objective of increasing college attainment levels in our region. Dr. Crow responded that the next priority beyond education should be focusing on making the economy more export-oriented. He explained that this will bring more varieties of businesses, which

encourages a more friendly business formation environment. Mr. Smith recognized and thanked Angela Creedon, from Arizona State University, for providing the data from 1990 to the present, so that information could be gathered to find out where graduates are and why.

Mr. Rounds stated that although he looks at this economic data slightly different, he comes up with a similar conclusion. He commented that we need to remember that Oregon was not impacted in the same way Arizona was impacted during the downturn. Mr. Rounds added that the downturn explains a lot of this data, however, when we look back at these states ten years prior, we will see that they were more resilient than Arizona. He added that although this will take a number of years, Arizona policy makers need to begin having discussions on funding education and what policy changes can be implemented.

Mr. Franz stated at the local level, we need to make it so that every student coming out of the State's K-12 system has the expectation that they want to go college or a technical school. He noted that when we look at our local public high schools, we have to raise our expectations of the system. He added that in policy discussions, we want our graduation rates to increase, so changes are made in the first grade, but we are too impatient to wait the twelve years required to see results. He agreed that the economy, in general, is going to require some post-secondary skill sets to be successful.

Dr. Crow also discussed the success of the ASU Phoenix Preparatory Academy. This academy is a charter school that is an affiliate with Arizona State University. He added that this school will be graduating their first class this May and every child that entered high school will graduate; Seventy-three percent of these children are eligible for admission to a public university in Arizona. He explained that this school is in a district where the normal college attainment rate is under eight percent for the entire district. Mayor Lane commented a retired school property in Scottsdale was made available to a charter school and it was greatly embraced. He added in regards to educational attainment, we need to provide students in grade K-12, an education that will motivate and provide them opportunities to go on to post-secondary schools.

Chair Lewis commented that in the last two years this committee, through the University MOU agreement with ASU, has provided six letters of support to the university. He noted that he and Mayor LeVault recently had an opportunity to participate in discussions at the National Science Foundation for Engineering and Research Center and that this commitment of support will continue.

6. Report from Mayor López Caballero's, from Hermosillo, Sonora, Mexico

Mayor López Caballero, from Hermosillo, Sonora, Mexico, provided a report on key initiatives that his city has undertaken in the recent years. He added that the main purpose of his visit was to get a better understanding of shared interests and common areas that both regions could collaborate on. These areas include sustainable human capital development, culture, tourism, health and education. He also presented a short video on the key economic and tourism facts from the City of Hermosillo.

Mayor López Caballero stated that the residents of Hermosillo have been great customers for Arizona businesses and added that the City of Hermosillo has seen an increase in the amount of investments from U.S. companies. He also highlighted the key sectors in Hermosillo, which include industry, agriculture, cattle, fishing, commerce and services. He noted that the automotive sector and its supply chain have grown considerably in the last three decades, and more recently the aerospace industry has started to expand considerably.

Mayor López Caballero also announced that at a future EDC meeting, he would like to discuss in more detail a proposal to further engage with the MAG region. Some of the key facts he mentioned for consideration included tax incentives, seamless business services for companies looking to expand operations in Hermosillo, and complimentary office space that would facilitate and promote bilateral business opportunities for both regions. He thanked the committee for their time and hospitality and invited members of the committee to the City of Hermosillo.

Chair Lewis thanked Mayor López Caballero for his participation asked if there were any comments or questions from the committee.

Mayor Stanton commented that the City of Phoenix is very thankful in having a 38 year personal relationship with the City of Hermosillo through the Sister Cities program. He highlighted the fact that both cities have supported each other during past tragedies and how it shows the strong relationship that both cities have. Mayor Stanton recognized the leadership of the first lady of Hermosillo, Silvia Felix de López Caballero, regarding the work she is doing in terms of integrating all people, particularly those with disabilities, into all aspects of the community, especially in parks and recreations, and the arts and culture. Chair Lewis presented Mayor López Caballero with a certificate of appreciation for furthering efforts to grow a binational local economic relationship between the MAG region and the City of Hermosillo.

7. Emerging Issues in the Economy for Arizona

Due to the length of the meeting, Agenda Item #7 will be heard on a future agenda.

8. Update from the Arizona Commerce Authority

Sandra Watson, President and CEO from the Arizona Commerce Authority, thanked the local governments and businesses for their collaboration and participation with the visiting CEO program that took place during the Super Bowl. She stated that over 70 CEOs from the United Kingdom, Canada, France, Germany, India, and Mexico, as well as CEOs from the United States participated. Industries that were represented included manufacturing, research & development, semi-conductors, renewable energies, global consultants and information technology. The program began with a welcome by Governor Doug Ducey in a gathering where local business leaders were able to interact with the visiting CEOs. The McCain Institute hosted a program that focused on the importance of global leadership and the significance of doing business with Mexico and China. Ms. Watson added that the CEO of Twitter provided a presentation program at an event hosted by Apollo. Other events included a visit to Luke Air Force Base to experience the flight simulator, attendance to the Phoenix

Open, participation in a golf tournament, as well as attending the Super Bowl. She added that this event was a tremendous success and she has been receiving amazing feedback from the visiting CEOs. Ms. Watson also congratulated Mayor Giles and his city on the recent announcement that Apple, Inc. will make a \$2 billion investment for a command center in Mesa. Chair Lewis thanked Ms. Watson for the update and stated that this was just an incredible week for Arizona.

9. Update from the Greater Phoenix Economic Council

Steve Betts, Greater Phoenix Economic Council Board Member, stated that GPEC's new President, Chris Camacho, has a strong collaborative approach and he is looking forward to further collaboration with the city economic development departments, Arizona Commerce Authority, and chambers of commerce.

10. Request for Future Agenda Items

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

11. Comments from the Committee

Mr. Smith reminded committee members that the Joint Planning Advisory Council meeting will be held on February 24, 2015, at the Francisco Grande Hotel and Golf Resort in Casa Grande. The event will focus on the supply chain opportunities of the automotive and mining industry sectors. He also highlighted that the senior procurement officer from Ford Motor Company in Mexico City will be the keynote speaker during the lunch.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:26 p.m.

Chair

Secretary