

November 2, 2015

TO: Members of the MAG Economic Development Committee

FROM: Mayor Michael LeVault, Town of Youngtown, Chair

SUBJECT: MEETING NOTIFICATION AND TRANSMITTAL OF TENTATIVE AGENDA  
FOR THE MAG ECONOMIC DEVELOPMENT COMMITTEE

Tuesday, November 10, 2015 - 11:30 a.m.  
MAG Office, Suite 200 - Saguaro Room  
302 North 1<sup>st</sup> Avenue, Phoenix

A meeting of the MAG Economic Development Committee (EDC) has been scheduled for the time and place noted above. Members of the Committee may attend the meeting either in person or by telephone conference. Use of proxy at the MAG EDC is not permitted. A light lunch will be provided.

Please park in the garage under the building. Bring your ticket to the meeting. Parking will be validated. For those using transit, the Regional Public Transportation Authority will provide transit tickets for your trip. For those using bicycles, please lock your bicycle in the bike rack in the garage.

Pursuant to Title II of the Americans with Disabilities Act (ADA), MAG does not discriminate on the basis of disability in admissions to or participation in its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Denise McClafferty at the MAG office. Requests should be made as early as possible to allow time to arrange the accommodation.

If you have any questions regarding the EDC agenda items, please contact Dennis Smith, MAG Executive Director, or Denise McClafferty, Regional Program Manager, at (602) 254-6300.

MAG ECONOMIC DEVELOPMENT COMMITTEE  
TENTATIVE AGENDA  
NOVEMBER 10, 2015

COMMITTEE ACTION REQUESTED

1. Call to Order

The meeting of the Economic Development Committee will be called to order.

2. Pledge of Allegiance

3. Call to the Audience

An opportunity will be provided to members of the public to address the Economic Development Committee 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. Members of the public will be requested not to exceed a three-minute time period for their comments. A total of 15 minutes will be provided for the Call to the Audience agenda item, unless the Economic Development Committee requests an exception to this limit. Please note that those wishing to comment on action agenda items will be given an opportunity at the time the item is heard.

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

5. Update on the Auditor General's Report and Arizona Transportation Funding Options

In September 2015, the Office of the Auditor General provided a report to the Arizona Legislature titled "A Performance Audit of the Arizona Department of Transportation - Transportation Revenues. The Arizona Department of Transportation's primary sources of transportation revenues are federal highway funds and ADOT's share of the Arizona Highway User Revenue (HURF). Both of these funding sources rely primarily on fuel tax revenues that have not been raised since the early 1990s and have remained relatively flat since the 2000s. At the October 6, 2015 Economic Development Committee meeting, it was requested that an

3. Information and discussion.

4. Review and approval of the October 6, 2015 Economic Development Committee meeting minutes.

5. Information, discussion and possible action.

update be provided on the Auditor General's report highlighting the critical points of the report including the funding deficit. Eric Anderson, MAG Transportation Director, will provide a report to the committee.

6. West Valley Vision Update

MAG has been working with the communities in the West Valley to develop a vision that will support the West Valley in becoming more economically competitive in the global marketplace. Throughout a two year time period, Phase One of the project identified common themes, analyzed infrastructure, and confirmed priorities for moving forward. Education and workforce development are the focus for Phase Two. A presentation will be provided on activities underway. This includes the possible development of a tool to validate the existing workforce in the West Valley and to identify gaps that can inform an education strategy. The committee will be invited to offer feedback on the current activities and the possibility to expand the effort regionwide.

7. Update on DATOS: The State of Arizona's Hispanic Market

On September 23, 2015, the Arizona Hispanic Chamber of Commerce hosted DATOS: The State of Arizona's Hispanic Market event, which marked the release of the single most comprehensive report on the economic impact of Arizona's 2.1 million Hispanics. According to this report, the growth in buying power among Hispanics in Arizona is expected to increase by 28.2 percent, while non-Hispanic buying power will grow 23.6 percent from 2014 to 2019. This year's keynote speaker at the event was Arizona State University President Michael Crow, whose presentation focused on Latino educational attainment, student success and the future of Arizona's economy. Mónica Villalobos, Vice-President of the Arizona Hispanic Chamber of Commerce, will provide an overview of the report.

6. Information, discussion and input.

7. Information and discussion.

8. Overview of Arizona State University's Economic Development Initiatives

Arizona State University (ASU) leads several initiatives that significantly contribute to economic growth in Arizona. The Global Security Initiative at ASU has launched the Center for Cybersecurity and Digital Forensics that will focus on three pillars - education, research and innovation. Researchers at the center will explore the economic, cultural, legal and policy issues surrounding cybersecurity as well as the technological challenges. ASU SkySong is one of the leaders in innovation in the region and is home to a global business community that links technology, research, education and entrepreneurship to position ASU and Greater Phoenix as global leaders in the knowledge economy. In addition, ASU was just ranked as the most innovative university in the country by U.S. News & World Report ahead of Stanford and MIT due in part to its unique online degree program with Starbucks. Todd Hardy, Vice President of Assets for the ASU Foundation for a New American University, will provide an update on these ASU economic development initiatives.

8. Information and discussion.

9. Update from the Arizona Commerce Authority

An update will be provided on economic development issues of interest in the state of Arizona.

9. Information and discussion.

10. Update from the Greater Phoenix Economic Council

An update will be provided on economic development issues of interest in the Greater Phoenix Region.

10. Information and discussion.

11. Request for Future Agenda Items

Topics or issues of interest that the Economic Development Committee would like to have considered for discussion at a future meeting will be requested.

11. Information.

12. Comments from the Committee

An opportunity will be provided for the Economic Development Committee (EDC) members to present a brief summary of current events and/or share any practical applications of information and initiatives presented to EDC members. The EDC is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

Adjournment

12. Information.

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
ECONOMIC DEVELOPMENT COMMITTEE

October 6, 2015

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

MEMBERS ATTENDING

Mayor Michael LeVault, Youngtown, Chair  
#Mayor W.J. "Jim" Lane, Scottsdale, Vice Chair  
#Mayor Gail Barney, Queen Creek  
#Steven Betts, GPEC  
Tony Bradley, Arizona Trucking Association  
#Mayor Cathy Carlat, Peoria  
Dr. Joseph Cavinato, Thunderbird  
Angela Creedon, Arizona State University  
Superintendent Greg Donovan, West-MEC  
Mark Dreher, East Valley Partnership  
Councilmember Michael Farrar, Carefree  
#Thomas Franz, Greater Phoenix Leadership  
Sintra Hoffman, ADOT  
Mayor Linda Kavanagh, Fountain Hills  
Jim Kenny, El Dorado Holdings, Inc.  
\*Dr. Randy Kimmens, Maricopa Community  
Colleges  
\*Supervisor Kunasek, Maricopa County

\*Mayor John W. Lewis, Gilbert  
\*Mayor Georgia Lord, Goodyear  
\*Councilmember David Luna, Mesa  
Mayor Jackie Meck, Buckeye  
#Mayor Mark Mitchell, Tempe  
#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  
#Councilmember Lorenzo Sierra, Avondale  
Bill Sheldon, WESTMARC  
#Dan Spitz, Achen-Gardner Construction  
\*Mayor Greg Stanton, Phoenix  
\*Sandra Watson, ACA  
\*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  
Gregory Arrington, Youngtown  
Anubhav Bagley, MAG  
Len Becker, Buckeye  
Quinn Castro, MAG  
Alana Chávez Langdon, MAG  
Natalia Cuneo, MAG  
Sapna Gupta, Morrison Institute  
Kathya Hidalgo, Phoenix  
Chaun Hill, MAG

Hilary Hirsch, Gilbert  
Darryn Jones, Avondale  
Dan Marum, Wilson & Company  
Denise McClafferty, MAG  
Mark Paratore, Scottsdale  
Linda Priano, MAG  
Nathan Pryor, MAG  
Julie Rees, Triadvocates  
Marvin Rochelle, Resident  
Amy St. Peter, MAG  
Tim Strow, MAG

1. Call to Order

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

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Mayor Barney, Steve Betts, Mayor Carlat, Tom Franz, Mayor Lane, Mayor Mitchell, Mayor Price, Jim Rounds, Mayor Schoaf, Councilmember Sierra and Dan Spitz joined the meeting by teleconference.

Chair LeVault stated at each members place was a copy of the MAG 2015 Annual Report. Chair LeVault welcomed and introduced the new ProMexico Director, Eduardo Gonzalez Diaz de Leon to the meeting and also provided him an opportunity to say a few words. Mr. Gonzalez Diaz de Leon stated he will direct the Phoenix office, which will promote the sales of Mexican goods to U.S. companies and also assist U.S. companies make investments in Mexican companies.

Chair LeVault noted public comment cards were available for those members of the public who wish to comment. Chair LeVault stated transit tickets were available from Valley Metro for those using transit to come to the meeting. Chair LeVault added parking validation was available for the MAG parking facilities for those who parked in the garage.

3. Call to the Audience

Chair LeVault 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 LeVault recognized public comment from Marvin Rochelle.

Mr. Rochelle commented he is glad to hear that this committee is discussing trade with Mexico and Canada, which will be very beneficial to our region and state to bring in more commerce. He added it will also help Interstate 11, which is a highway that is going to go from Mexico to Canada. This will also bring in a lot of extra money for our region and state.

4. Approval of the September 8, 2015, Economic Development Committee Meeting Minutes

Chair LeVault asked members of the committee if they had any questions or comments regarding the September 8, 2015, meeting minutes. There were none. Bill Sheldon moved to approve the September 8, 2015, Economic Development Committee meeting minutes. Dr.

Cavinato seconded the motion and the motion carried unanimously.

5. The Economic Impact of International Businesses in Arizona

Anubhav Bagley, MAG Information Services Manager, provided a report on Arizona international owned businesses and connections. Mr. Bagley explained that the Arizona international connection information is very important because Foreign Direct Investment (FDI) generates a large amount of growth in any economy. He reported that jobs in the export sector generate 18 to 20 percent higher wages and to date, there are 683 international parent companies from 50 countries that are represented in Arizona, which creates 85,313 jobs. These parent companies own 997 different businesses with a total of 3,026 locations. Mr. Bagley reported that the most international businesses in Arizona are from Canada, with 166 parent companies that own 1,111 business locations, generating 22,316 jobs, followed by the United Kingdom, Germany, Japan, France, and Mexico.

Mr. Bagley indicated that the number one industry sector cluster for these businesses is in retail, followed by business services, transportation and distribution, and high tech manufacturing and development. He commented that Maricopa County accounts for 75 percent of these businesses, which generates approximately 61,875 jobs. He added that these primary industry clusters follow very similar patterns statewide.

Mr. Bagley explained that the data for Pima County shows that Canada is also their number one international country with 31 internationally owned businesses in their region, followed by Mexico. Canadian owned businesses in Pima County generate approximately 12,600 jobs. The largest industry clusters in Pima County are the mining and resource-dependent activities cluster, and the high tech manufacturing and development cluster.

Mr. Bagley reported that European companies in Arizona have the largest footprint, accounting for approximately 50 percent of statewide jobs generated by international companies. Staff also looked at the Global Innovation Index, developed by Cornell University. This data shows how we connect with the innovation economies through international companies from the countries that are already established in Arizona.

Mr. Bagley also highlighted the Sister Cities program, which can also be leveraged, not only for cultural exchange programs, but also to seek economic development opportunities. He noted Arizona does not have a significant footprint with Switzerland, Finland or Denmark and they are not represented in Arizona. Mr. Smith commented three years ago, Arizona was not in Scandinavia, but since that time, the City of Tempe has developed a sister city in Sweden. He added if a city is considering adding another sister city, they may want to consider Switzerland, Finland or Denmark.

Mr. Bagley discussed the top Canadian owned businesses, which include Circle K, 3G Capital, Fortis, Inc., Kahala Brands and Bombardier, Inc., which provide 22,316 jobs in Arizona. He also discussed the strong Canadian impact and residential connection to our

region. Canadian residents own 22,424 residential properties in Maricopa County, followed by Australian residents, who own 297 residential properties. He added most of the Canadian residential properties are located in Phoenix, Mesa, Scottsdale and Surprise. Seventy percent of these homes are owned by residents of Alberta and British Columbia and 16 percent are owned by residents of Ontario.

Mr. Bagley reported on the international nonresidential properties. He noted Canada accounts for 1,106 nonresidential properties, with 76 percent owned by Alberta and British Columbia residents, with the average assessed property value at \$478,748. Mr. Smith added it would be beneficial for representatives from our region to start going to Calgary to meet with their chambers and begin forming relationships, like we have done with Mexico. Mr. Bagley added the "International Companies in Arizona" data and a 76-page report is available in the resource section on ConnectBIEN.com.

Mr. Bagley discussed next steps, which includes gathering economic development teams and international experts to review the international business data set, explore the needs and efforts of expanding the data to include additional key information, and discussing specific international development strategies. Chair LeVault thanked Mr. Bagley for the report and asked if there were any comments or questions from the committee.

Mayor Kavanagh asked if this information included the international companies located in smaller cities, such as Fountain Hills. Mr. Bagley stated the database includes international company data for all cities in the state.

Councilmember Farrar commented that this was an outstanding report and asked what is the ultimate goal for using this data. Mr. Bagley indicated that this data will allow cities to identify internationally-owned companies within their communities to target FDI and sectors from key countries. Councilmember Farrar also agreed with Mr. Smith's comment that we should begin visiting and building a stronger relationship with Canada. Dr. Cavinato stated this report is a great first step and noted it is also important to learn who is not our customer and why.

Councilmember Farrar suggested that MAG put together a Thunderbird study to assist us with these efforts. Mr. Smith stated another option could be to have the Thunderbird team use BIEN to match companies up with one another. Ms. Hoffman added there is a lot of discussion about Canadian companies wanting to invest in our infrastructure and it would be helpful to find out how we can capture this information so that we can begin nurturing these relationships. Ms. McClafferty stated staff will send committee members the report that was discussed.

## 6. The Economic Impact of Canada on Arizona

Glenn Williamson, Honorary Consul of Canada for Arizona and Founder and CEO of the Canada Arizona Business Council (CABC), stated the information that Mr. Bagley just

presented has never before been done in this state. This data shows, for the first time, who is Arizona's international customers by providing key information on what countries have companies currently doing business in Arizona. He explained that this information can be a key piece in attracting FDI to our state because it can have a huge impact when target companies are deciding where to relocate or expand.

Mr. Williamson discussed a meeting CABC had with executives from the Bank of Montreal. They were questioning whether Canadian companies had a presence in Arizona and were taken aback when they saw that there were over 1,000 Canadian business locations here. He added that the CEO's of the major companies involved with CABC who saw this report were stunned to realize the number of other Canadian companies that were in Arizona. Mr. Williamson commented that there is a human tendency to flock to where there is an opportunity with other people and when he was having discussions with representatives from Air Canada Rouge, they asked him why their airlines should increase the size of their aircrafts for flights to Arizona. Mr. Williamson showed them the data from this report, and again, they were stunned. He explained that by having this critical data right in front of them, it can help influence airlines to increase the size of their aircrafts coming in to Arizona, which can be a great economic opportunity for our region and state.

Mr. Williamson indicated that the CABC is committed to increasing the number of Canadians in Arizona from 900,000 a year to 1.3 million in the next three years. He added trade between Canada, Arizona and Mexico is estimated to increase, with Mexico being the key component. He reported that many Canadian companies set up operations in Arizona and export to Mexico. Mr. Williamson also noted that FDI from Canada is also expected to increase, however, from a regulatory standpoint, Arizona has to improve to be more attractive for foreign capital. He also highlighted the opportunities in increasing the amount of public-private partnerships, especially on infrastructure projects. He stated that Arizona needs to do a much better job with public-private partnerships and encouraged this committee to begin going after the very big deals. Canadians feel very comfortable investing in Arizona and it is in our best interest to get our infrastructure packages together.

Chair LeVault thanked Mr. Williamson for his report and asked if there were any comments or questions from the committee.

Mayor Kavanagh commented that Canadian residents that live in her city complain that they cannot stay in Arizona longer than 182 days. She asked Mr. Williamson if he sees this changing. Mr. Williamson commented that he does not believe this would happen because Canadians that exceed staying longer than six months lose their health care given by their province.

Councilmember Farrar asked if all efforts in the economic development space should be more concentrated and better coordinated. Mr. Williamson responded that each organization related to economic development in the state has grown in different ways and he now sees cities playing a key role in the economic development space by being the driving forces.

Mr. Smith added the goal of this data is to share it with all the other agencies and research teams so that every agency in Arizona can use this information to advance our economic development opportunities.

Jeanine Jerkovic, Surprise Economic Development Director and Rick Buss, Surprise Assistant City Manager, provided a report on their city's relationship with Canada. They discussed their recent activities and visits to Canada, the lessons they have learned and how they use data to tell their story. Ms. Jerkovic stated from an economic perspective, the first thing Surprise representatives do when visiting Canada is they share who they are as a community. Surprise is the tenth largest city in Arizona, the fastest growing city in Arizona, and one of the safest communities in all of America. They also highlight their key assets, such as their infrastructure and key companies already located in their community. She explained this is essential to showcase the investment opportunity in their city.

Ms. Jerkovic also discussed the city's emerging economic engines, which include the Loop 303 development, AZ TechCelerator, City Center and Southwest Railplex, which are all within close proximity to one another. She added that relationships with Canada began after they saw the data showing the huge Canadian impact in the City of Surprise. They also joined the Canada Arizona Business Council (CABC) and began meeting local CEO's that represented Canada and growing these relationships.

Mr. Buss stated they travel to Toronto about once a month and they use a more targeted approach by setting up one-on-one meetings with private companies rather than attending trade shows. To date, they have met with over eighty companies, many looking to expand, and believe that being more strategic when visiting Canada brings their city more concrete results. He noted that when they showcase their city, they also emphasize what type of community they want to be in the future. They identify their target industry sectors, which include renewable energy, biomedical, advanced business services, advanced manufacturing, higher education, semiconductor and microelectronics, defense and aviation technologies and entrepreneurship. These sectors can bring enormous opportunities, not just to the City of Surprise, but to the entire state.

Mr. Buss stated that they have met with small businesses seeking expansion and other small businesses seeking distribution partners. In their experience, they have found that meeting and building relationships with brokers, architects and universities is also beneficial. Another way Surprise has been marketing their city is by providing a community overview video showing their assets. This video was viewed by committee members. Mr. Buss stated that they also have a City Center and Industrial Park video that they send to potential business partners prior to their meetings. He informed the committee that Arizona has a positive brand in Canada so it is very important for our region to market our assets to Canada.

Chair LeVault thanked Ms. Jerkovic and Mr. Buss for their presentation and asked if there were any comments or questions from committee members. Ms. Hoffman commented that

this was a great video that really showed the city's assets. Chair LeVault stated he is also impressed with the work that is being done by Surprise and agrees that working more as a region will be more beneficial to all the communities to succeed in the global economy.

7. Update on the MAG Freight Study

This item was not heard due to length of meeting. This agenda item will be on a future agenda.

8. Update from the Arizona Commerce Authority

Marisa Walker, Senior Vice President of Strategic Planning and Infrastructure, Arizona Commerce Authority (ACA) provided an update on ACA's activities. She stated ACA has been collaborating on the development of a statewide Foreign Direct Investment (FDI) plan with other key stakeholders of the Transportation and Trade Corridor Alliance (TTCA). Ms. Walker added that October is manufacturing month and the ACA is having several activities statewide to raise awareness on the importance of advancing advanced manufacturing in the state.

Ms. Walker also commented that ACA's fourth ExporTech program was recently launched. Other major programs on which ACA is working are Invest Southwest, Venture Madness and the Innovation Challenge. She also noted that ACA's President and CEO, Sandra Watson, will be participating in the governor's business trip to Israel.

9. Update from the Greater Phoenix Economic Council (GPEC)

Steve Betts, Greater Phoenix Economic Council (GPEC) Board Member, commented that GPEC has collaborated with the TTCA FDI initiative. He added that in the first quarter of 2015, six new companies relocated to the Valley. He also noted that the GPEC Healthcare Leadership Council recently launched a new website <http://greaterphoenixhealth.com/>, which showcases how the Greater Phoenix metropolitan region is leading the nation in the growth of its healthcare and bioscience sector. Mr. Betts encouraged members to check out this informative website.

Mr. Betts stated that on October 8, 2015, at 8:30 a.m., Metro Phoenix Export Alliance would be hosting a special event and on that same date GPEC would have its annual dinner event. On October 9, 2015, at 9:00 a.m. a kickoff event of the Velocity project was planned.

10. Request for Future Agenda Items

Chair LeVault asked if there were any requests for future agenda items. Mr. Kenny stated this was a great series of presentations and one of the key components discussed, which has been continually coming up at our meetings, is infrastructure.

Mr. Kenny requested a presentation on identifying the deficits and funding components that could include a discussion on the different methodologies of funding mechanisms that are available so that this committee could look at these as a group, to perhaps provide leadership to bring some of our needs forward.

11. Comments from the Committee

Chair LeVault asked if there were any comments from the committee. Denise McClafferty, MAG Regional Program Manager, stated Polsinelli Law Firm would be hosting a reception for the new director of the ProMexico Office in Phoenix, the Honorable Eduardo Gonzalez Diaz De Leon, on Wednesday, October 14, 2015, at 5:30 p.m. and all are invited.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:02 p.m. The next meeting of the EDC will be on Tuesday, November 10, 2015, at 11:30 a.m. at the MAG Office, 302 N. First Avenue, Phoenix, Second Floor, Saguaro Room.

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Chair

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Secretary