

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE
November 10, 2015
MAG Offices, Saguaro Room
302 North 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor Michael LeVault, Youngtown, Chair
*Mayor W.J. "Jim" Lane, Scottsdale, Vice Chair
#Mayor Gail Barney, Queen Creek
Steve 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
*Neil Giuliano, 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, Rounds Consulting Group
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)):

Eric Anderson, MAG
Roc Arnett, EVP
Anubhav Bagley, MAG
Len Becker, Buckeye
Teresa Bravo, Pima County
Alan Carey, GBI
Alana Chávez Langdon, MAG
Susan Clancy, Cave Creek
Natalia Cuneo, MAG
Dan Davis, Avondale
Jason Earp, Tolleson

Kristen Ennis, Goodyear
James Garcia, AZHCC
Kathya Hidalgo, Phoenix
Todd Hardy, ASU
Mike Hoover, Surprise
Michelle Lawrie, Goodyear
Denise McClafferty, MAG
Mark Paratore, Scottsdale
Linda Priano, MAG
Nathan Pryor, MAG
Marvin Rochelle, Resident

Dennis Smith, MAG
Amy St. Peter, MAG

Tim Strow, MAG
Marc Valenzuela, ASU

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair LeVault at 11:30 a.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Mayor Barney, Jim Kenny, Dan Spitz, and Mayor Wolcott joined the meeting by teleconference. Chair LeVault congratulated Jim Rounds on his new business endeavor as President of Rounds Consulting Group.

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 Walt Gray, resident of West Phoenix.

Mr. Gray stated he believes that this is an appropriate time, while municipalities are looking for ways to balance their budgets, to discuss eliminating the food tax. He added that the City of Phoenix eliminated their food tax about one year ago and as a result, West Phoenix has seen a positive difference. He stated that with the decline in the food tax there has been an increase in consumption in other areas. Mr. Gray reported that in West Phoenix, a new large QT station and a new Texas Longhorn restaurant has been built. A large church has also expanded their property. These expansions show that this area is moving in the right direction. He encouraged other municipalities to consider eliminating their food tax.

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

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

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

Eric Anderson, MAG Transportation Director, provided an overview of the Auditor General's report titled "A Performance Audit of the Arizona Department of Transportation - Transportation Revenues." This report was presented to the Arizona State Legislature in September 2015. The audit states for fiscal years 2010-2035, the Arizona Department of Transportation (ADOT) has a projected shortfall of \$62.7 billion, as a result of almost \$90 billion of transportation needs and \$26.2 billion of revenue.

Mr. Anderson added it is important to note that this is not ADOT's shortfall itself. The needs that the Auditor General defined came out of ADOT's Long Range Transportation Plan, which is a statewide look at the multi-modal transportation system. This includes light rail transit in the metro area, the street car project in Tucson, airports around the state, as well as the State Highway Program. The statewide needs of the \$88.9 billion includes approximately \$43 billion for the state highway system, \$10 billion in airport aviation needs, and over \$23 billion in transit needs in Maricopa and Pima county areas, and \$4.3 billion of passenger rail needs. Mr. Anderson noted that this does not include the long range needs of Phoenix Sky Harbor or Phoenix-Mesa Gateway airports.

Mr. Anderson explained ADOT's primary responsibility is the State Highway System, which means that the funding shortfall for the department is \$24 billion, not \$63 billion. He discussed the importance of having sufficient revenue to ensure a viable transportation system. Transportation impacts the economy and job market and competitiveness. Congestion and poor roads cost users billions each year, and the fuel tax revenue lacks long-term sustainability. This audit also showed that the current primary source of funding for highways and streets is the gas tax, which is a declining source of revenue due to improving fuel economy and the gas tax being a fixed amount per gallon.

Mr. Anderson reported that the audit also outlined potential revenue options such as increasing the fuel tax, which is currently a fixed 18 cents per gallon and has not been increased since 1991. Other options discussed were adding a vehicle mileage tax, which currently is a pilot study in Oregon; increasing registration fees from \$8, which have not been increased in decades; adding toll roads; and using sales tax to generate revenue to fund transportation.

Mr. Anderson stated that the audit recommendation is to have the Legislature consider forming a task force to study and propose options for addressing the transportation revenue needs to ensure a safe, efficient, and economically viable state transportation system. He added that the major source of transportation revenue in Maricopa County was over \$576 million that is dedicated to local and regional funds.

Mr. Anderson reported that with over 50 million users, WAZE, the world's largest, global, community-based traffic and navigation app, has ranked Phoenix as one of the best cities for drivers in the world.

Chair LeVault thanked Mr. Anderson for his report and asked how much additional revenue a 10 cent per gallon increase in the gas tax would generate. Mr. Anderson responded that on an annual basis it would generate an additional \$350 million, and about half of this amount would go to ADOT, 19 percent to the counties and the remaining balance would go to the cities. This would cost the average person about five dollars more a month.

Chair LeVault asked committee members if they had any comments or questions.

Mayor Carlat asked if vehicle registration fees were increased, how much more revenue would be collected. Mr. Anderson stated if the vehicle registration fee was increased by \$10, it would raise an additional \$50 million in revenue each year.

Councilmember Sellers asked about the possibility of having High Occupancy Toll (HOT) lanes on existing freeways. Mr. Anderson explained that depending on traffic congestion, HOT lanes are for single rider vehicles who pay to drive in the High-Occupancy Lane (HOV) lane. He added this is currently being implemented in several places across the country, but not looked at as a revenue generator, HOT lanes are used to manage and improve traffic flows.

Mr. Smith commented that at the next Joint Planning Advisory Council (JPAC) meeting on January 8, 2016, at the Tucson Convention Center, discussions will include Utah's Unified Transportation Plan. Speakers include Carlos Braceras, Executive Director, Utah Department of Transportation, Andrew Gruber, Wasatch Front Regional Council. Discussions at this meeting will include how Utah agencies worked in partnership to form a plan that they took to the legislature together.

6. West Valley Vision Update

MAG Assistant Director Amy St. Peter provided an update on the West Valley Vision initiative. She stated West Valley Vision Phase One included conducting a landscape analysis of the assets and opportunities over a two year time period. The next phase will focus on a workforce and education strategy. She noted there may be aspects of this work that maybe expanded to the entire region.

Ms. St. Peter added that this work is moving forward thanks in partnerships with WESTMARC and the communities west of I-17, particularly Peoria, Surprise, Glendale and Avondale. Staff has been meeting with the economic development staff from these cities and towns to ensure the project meets their needs. Ms. St. Peter also thanked Tim Strow and Anubhav Bagley for their efforts in Phase One and for their continued assistance in Phase Two of this initiative.

The question being answered through this project is if the workforce in the West Valley is positioned to be competitive in advanced industries and if there are areas that need to be enhanced, how can education build a better pipeline? She noted this question is not just relevant in the west valley, but to the entire region, and may resonate with other communities as well.

Ms. St. Peter reported that in the upcoming months, they will be engaging industry through an advisory group and focus groups, and will continue to work with their partners and others, such as the Arizona Commerce Authority and Maricopa Community Colleges. Collectively, they will conduct a strengths, weaknesses, opportunities and threats (SWOT) analysis to determine opportunities and challenges. This analysis will feed the development of a workforce and education strategy for the West Valley. These strategies will also serve as a pilot project in the West Valley with potential adaptation for the region.

Ms. St. Peter reported that they are currently assessing the quality and availability of workforce data and are considering the development of an online mapping tool that would provide data about residents' occupations. This would help to validate the talent that already resides in the West Valley. It would also help to identify any gaps that could inform an education strategy. Ms. St. Peter stated WESTMARC has been exploring the development of such a tool and staff is working closely with them to partner and produce one tool that can serve a number of communities. She added that this project can provide important impacts for the West Valley and the region. How often do companies not locate here because they perceive we cannot provide the workforce they need? The answer is too many and at times, the perception is wrong. Other times there are opportunities to strengthen the workforce we have to make us more competitive globally. Working together, we can position our communities to succeed even more.

Chair LeVault thanked Ms. St. Peter for her report and asked if there were any comments or questions from the committee.

Councilmember Luna stated education is one of the driving factors that brings industry into our region and appreciates that this initiative includes looking at the education aspect. Ms. St. Peter stated they have been working with Maricopa Community Colleges and they have been a great supporter in this effort. Mr. Sanders stated this is a great report and hopes this initiative will be expanded to a regional approach and looks forward in partnering with them.

Mayor Carlat commented on the positive impact this online mapping tool will have in the West Valley by using this data, SWOT analysis, and strategies to bring in more economic development opportunities. Mr. Smith added he recently attended a conference where early childhood development was highlighted as the stage with highest return of investment within education. Ms. St. Peter added that a key fact noted at the conference was research which showed that bilingual toddlers are more nimble thinkers and experienced better cognitive flexibility. Mr. Sheldon commented that West Valley Arts is currently working on an Arts Assets in West Valley mapping tool. He added when companies are moving into an area they are also interested in the theater, music and art sectors. Ms. St. Peter agreed and responded that the this topic did come up and quality of life should also be part of this initiative, which is a significant reason people move and live here.

Councilmember Farrar asked if there is any emphasis on vocational education collaboration. Ms. St. Peter responded this is very important and they are working with the Joint Technical Education Districts on the education strategy. Chair LeVault commented any task left to MAG

staff is going to be carried out with excellence.

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

James Garcia, Director of Communications and Public Policy, Arizona Hispanic Chamber of Commerce (AZHCC), provided an overview on the recently released *DATOS: The State of Arizona's Hispanic Market* report. This report provides data on the economic impact of Arizona's 2.1 million Hispanics. Mr. Garcia also informed the committee that the Fourth Annual Business Diversity Summit will take place on November 13, 2015 at the Arizona Biltmore. The event will spotlight the growing contributions of minority-owned businesses in Arizona.

Mr. Garcia discussed the growing importance of the influence of the Latino community in Arizona. The Hispanic population in Arizona grew by 32 percent in one decade compared to the total 20 percent increase of total population. In 2014, Arizona was the fourth most concentrated Hispanic buying power market and according to the report, from 2014-2019, 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. The report also found that Hispanic women are making the purchasing decisions and highlighted the great entrepreneurial spirit of the Hispanic population. According to the report there are 89,673 Hispanic-owned firms in Arizona employing 60,450 people. These firms have a revenue of \$9.9 billion, an annual payroll of \$1.6 billion and are the fastest growing firms in Arizona. Mr. Garcia noted the report found that if the parity gap was closed, there would be \$36.4 billion increase in the Arizona economy.

Mr. Garcia stated minority students are the majority in Arizona schools and their representation is increasing at a rapid rate. Hispanics are by far the largest minority group in Arizona schools. He commented that the Arizona Hispanic Chamber of Commerce hosted *DATOS: The State of Arizona's Hispanic Market* event, with Arizona State University President Michael Crow as its keynote speaker. Dr. Crow's presentation focused on Latino educational attainment, student success, and the future of Arizona's economy. Between 2004 through 2012, Hispanics showed the largest numerical gain in enrollments, which is an increase of 26.1 percent. The proportion of whites receiving Bachelor's Degrees decreased from 82 percent to 66 percent. The proportion of Bachelor's Degrees awarded to Hispanics doubled from 7 percent in 1991 to 14 percent in 2010. Mr. Garcia also discussed the economic rewards for college degree holders and how an educated population benefits Arizona with an additional annual state tax revenue of \$11,222,439.

Mr. Garcia stated according to a 2014 National Kellogg Foundation Survey of Hispanics, Arizona is where Hispanics encounter racism the most. He added this needs to be addressed in a dramatic and constructive way. Arizona is rebounding in terms of the economy and Arizona leaders are aggressively working to change this perception. By laying out the facts in this report and showing that the Latino community is respected and accepted in our communities, and that we are also participating at the policy making level, we are helping to decide the future of the state. By letting the world know that the Latino community in Arizona

has not been excluded, we can begin to transform the perception of Arizona.

Chair LeVault thanked Mr. Garcia for his report and asked committee members if they had any comments or questions.

Councilmember Luna asked what sectors are showing the largest growth in terms of Latino business opportunities. Mr. Garcia responded that this information was not included in the report, but noted in the last two decades the trend of new Latino businesses were in the restaurant industry. However, since the educational shift, Latinos are now going into many different sectors. He added that through the Arizona Hispanic Chamber of Commerce he is constantly meeting business people who are developing new high-tech companies, digital marketing companies, and businesses in numerous sectors.

Councilmember Sierra stated according to the Dr. Crow's presentation, Arizona's current gross domestic product (GDP) is about 80 percent. Looking forward, the gap between Hispanic students and Anglo peers needs to close or our GDP is going to drop into the 60th percentile. Councilmember Sierra stated he could provide a copy of the presentation to committee members if they are interested.

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

Todd Hardy, Vice President of Assets for the Arizona State University (ASU) Foundation, provided an update on recent ASU economic development initiatives. Mr. Hardy discussed the growth and expansion of the ASU Downtown Phoenix Campus. In 2016, ASU will be opening their new law school, which will bring more economic activity downtown. The Arizona Center for Law and Society is being funded by the City of Phoenix, which is providing land and \$12 million, construction bonds through ASU and private donations. The College of Law is approximately 280,000 gross square feet with two levels of underground parking. It will have 18 rooms in which classes will be regularly scheduled, including one large lecture hall dedicated to university undergraduate education. Features of the new law school include a high-tech courtroom and an active learning classroom. Expansions also include new urban housing models, mixed use retail developments, increased pedestrian activities, improvements of civic space with landscape, water and shade.

Mr. Hardy discussed the ASU Chandler Innovation Center. The collaboration between the City of Chandler, ASU and TechShop creates a maker space that is open to the community and ASU students. The center is an engineering and technology-based education and research hub that is membership based. Members have access to over \$1 million worth of tools, equipment and software that can help them build prototypes and grow their concepts. He noted this is one of the most successful tech shops in the country.

Mr. Hardy also presented information on ASU SkySong. This center 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. The ASU Scottsdale Innovation Center at SkySong is a public-private partnership and according to the Greater Phoenix Economic Council,

SkySong is responsible for over \$588 million of economic impact to the Greater Phoenix area. This center provides over 1,000 job in South Scottsdale, with 40 companies devoted in education technology, IT, healthcare, and business services. Ninety-six percent of the 450,000 square foot building space is leased.

Mr. Hardy also discussed the recently launched Center for Cybersecurity and Digital Forensics. This center will focus on education and training; research and development; and intellectual property. Researchers at the center will explore the economic, cultural, legal and policy issues surrounding cybersecurity, as well as the technological challenges. Mr. Hardy also discussed the rendering of the fourth building that is currently under construction. He explained in order for the innovation based companies to want to come here, most need to employ millennials. This type of workforce likes to be able to go to a restaurant immediately after work, without having to get into a car. With this in mind, the new building design includes retail space, including three restaurants.

Mr. Hardy reported that ASU was recently ranked as the most innovative university in the country by U.S. News & World Report. He discussed several key initiatives contributing to this achievement. Mr. Hardy discussed the recent partnership between ASU and Starbucks. This partnership shows how a public company can play a roll in supporting their employees' goals. This program provides full tuition reimbursement to employees that enroll in an ASU online program. The program has now been expanded to veterans, military service members, and their spouse, domestic partner, or child. The participating family member will receive all the same benefits in the program.

Mr. Hardy discussed other examples of innovation which included the Global Freshman Academy. This allows anyone, anywhere around the world, to take free college courses that are of interest; an new app, developed at ASU, called Me3, is available to high school students that can direct them to a career they would like to pursue, as well as what type of course work they would take in college. Mr. Hardy also discussed undergraduate and graduate degrees awarded and projected for fiscal years 2008-2020. In 2016, it is estimated that there will be approximately 21,329 students graduating from ASU, with a projection and target of 28,665 students graduating in the year 2020. This will have a positive economic impact in Maricopa County.

Chair LeVault thanked Mr. Hardy for his report and asked the total acreage of SkySong. Mr. Hardy responded that there is approximately 37 acres in total and half of it is already being used. Chair LeVault asked if there were any questions or comments from the committee. Mayor Lewis stated the M3 app is something that students in high school will find useful.

9. Update from the Arizona Commerce Authority

This item was not heard. An update will be provided at the next committee meeting.

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

Steve Betts, Greater Phoenix Economic Council (GPEC) Board Member, provided a brief update on current GPEC efforts. Since the beginning of the fiscal year, efforts have included the relocation of 10 new businesses to our region, adding 3,500 Phase One jobs. The Metropolitan Phoenix Export Alliance was awarded an \$100,000 grant by JP Morgan Chase to help small and medium size businesses with exporting, and a new marketing video for our region has been released.

11. Request for Future Agenda Items

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

12. Comments from the Committee

Chair LeVault asked if there were any comments from the committee. Councilmember Sellers commented that GPEC participated in the one-year celebration of the General Motors Information Technology Innovation Center in Chandler. He added that GPEC forecasted that the center would bring approximately 1,000 jobs to Chandler and they are currently at 750 jobs and still hiring, specifically, recent ASU graduates.

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, January 5, 2016, at 11:30 a.m. at the MAG Office, 302 N. First Avenue, Phoenix, Second Floor, Saguaro Room.

Chair

Secretary