

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
ECONOMIC DEVELOPMENT COMMITTEE

June 7, 2016

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  
#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, WESTMARC  
#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  
Floyd Roehrich Jr., ADOT  
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  
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)):

Anubhav Bagley, MAG  
Melissa Bettis, MAG  
RJ Cardin, Maricopa County Parks  
Alan Carey, GBI  
Josh Coddington, GPCC  
Carol Columbo, Fedelta  
Doreen Cott, Queen Creek  
Natalia Cuneo, MAG  
Jami Dennis, MAG  
Tom Doyle, El Mirage  
Kristen Ennis, Goodyear

Ashley Ferguson, GPCC  
Eric Fitzer, Surprise  
Taylor Gillings, GPCC  
Jenna Goad, Glendale  
Mike Hoover, Surprise  
Milt Laflen, Sister Cities  
Michelle Lawrie, Goodyear  
Denise McClafferty, MAG  
Emily Mead, GPEC  
Jennifer Mellor, GPCC  
Janice Mrkonjic, Phoenix

Ryan Peters, Chandler  
Scott Powell, Tempe  
Nathan Pryor, MAG  
Marvin Rochelle, Resident  
Dennis Smith, MAG  
Amy St. Peter, MAG  
Kelly Taft, MAG

Greg Tilque, Greater Phoenix Chamber of  
Commerce  
Kathy Tilque, Gilbert Chamber  
Kevin Tyne, Maricopa County  
Marisa Walker, ACA  
Sarah Watts, Gilbert Chamber  
Marge Zylla, Tempe

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair LeVault at 11:33 a.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Steve Betts, Mayor Kavanagh, and Mayor Mitchell joined the meeting by teleconference. Chair LeVault announced he and the MAG Regional Council Chair received a letter of support from the Arizona Chamber of Commerce and Industry for the Tourism and Shopping Initiative - the effort to extend the border zone in Arizona.

Chair LeVault stated public comment cards were available for those members of the public who wish to comment. He 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 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 Alan Carey, resident of Gilbert.

Mr. Carey requested that the EDC initiate a research project to gather data on the economic impact on MAG cities of not having intercontinental flights to and from Phoenix. He said the factors that could be considered include business attraction, business retention, exports, foreign direct investment (FDI), tourism, education retention and real estate. Mr. Carey asked the committee to include his request for the research project at this meeting or next meeting.

4. Approval of the May 3, 2016, Economic Development Committee Meeting Minutes

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

regarding the May 3, 2016, meeting minutes. There were none. Vice Chair Lane moved to approve the May 3, 2016, Economic Development Committee meeting minutes. Mayor Barney seconded the motion and the motion carried unanimously.

5. Regional Business Retention and Expansion Initiative Discussion

Chair LeVault welcomed Chris Kershner, Vice President of Public Policy and Economic Development with the Dayton area Chamber of Commerce and Erik Collins, Director of the Community and Economic Development Department for Montgomery County in Ohio to discuss Dayton Ohio's regional business retention and expansion program, BUSINESSFIRST!.

Todd Sanders with the Greater Phoenix Chamber of Commerce (Chamber) said the Chamber launched the Phoenix Forward initiative in 2015 as a collaborative, strategic approach to grow and retain existing businesses in Arizona. He explained that 80 percent of new jobs are created by existing companies in specific industries. Mr. Sanders said it makes sense for Valley leaders to work together and leverage limited resources by looking at its efforts regionally. He stated he found examples of business retention and expansion (BRE) programs in the country with unique models that are tailored to each region's characteristics and needs. Mr. Sanders asked the Dayton group to give EDC members a presentation about that area's economic development program, BUSINESSFIRST!.

Mr. Kershner said he represents about 3,000 businesses with the 25<sup>th</sup> largest chamber in the U.S. out of Dayton, Ohio. Mr. Collins stated he has worked with Montgomery County since 1993 and heads up the BUSINESSFIRST! program. Mr. Collins noted working on a regional basis has made a tremendous difference for Ohio and made his county competitive with regions across the U.S. and globally. Mr. Kershner said some aspects of BUSINESSFIRST! may apply to the Phoenix region and some may not. Mr. Collins gave the committee an overview of region, explaining the Dayton area is comprised of five counties, and contains Wright Patterson Air Force Base, the state's single largest employer with about 27,000 personnel at one location. He said key areas of the region's economy include manufacturing, advanced data management, regional health care and warehouse distribution.

Mr. Kershner explained BUSINESSFIRST! was created in 1999 as a way for the region to work in a systematic and integrated way to help businesses. Mr. Kershner said the area recognized that it could help business in a coordinated way, bringing the public and private sectors together. Mr. Collins noted the group wanted to make sure it was leveraging the relationships and strengths from both entities for the overall benefit of retaining and growing businesses in the Dayton region. He stated from a private sector standpoint, he realized that the group needed public sector partners at the table and engaged because they know the companies better than anybody else. Mr. Collins said he found the more integrated the approach, the better Dayton could compete at a global level and this was a key driver to the creation of BUSINESSFIRST!.

Mr. Kershner explained the group realized it was losing companies out of its region because it was not coordinating efforts with a regional approach. He said in the past, if one community

could not deliver what a company needed, that company may have left the state. Mr. Kershner added the rules and protocol of the program say if one community cannot deliver what a business needs, then it will refer the company to the BUSINESSFIRST! program to find another home for that business within the Greater Dayton region. He noted it allows for employees of the company in question to continue to live in their homes, for their kids to stay in local schools and continue to contribute to the economy of the Dayton region. Mr. Kershner explained it can come full circle as there may be times when a company moves out of one town to another, but also times when that same community is on the receiving end and seeing job gains because of that.

Mr. Collins said when the program began, 14 communities in Montgomery County joined and the City of Dayton was first to beta-test the program. He stated this allowed leaders to study how the program should be structured and what the roles and responsibility of the county and resource partners would be. Mr. Collins said during this time, the group laid out an inter jurisdictional agreement to set the stage for how to move forward with business retention and expansion throughout Montgomery County and later the Dayton region. He stated the communities are responsible for the program, the county manages the program and supports the regional jurisdictions, and cities and townships manage and support them. Mr. Collins explained the communities pay \$1500 a year to be a part of the program, which pays for technology and outreach training.

Mr. Collins noted there is an anti-poaching protocol in BUSINESSFIRST! that calls for full transparency and says no community shall actively pursue moving a company from one community to another. Mr. Kershner stated he would like to see money being used to attract business from other states rather than poaching from within his own region. He said if there is a company that wants to move from one community to the next within the region, the community that is on the receiving end calls the other community first and says this company called and they are interested in moving and here is what they are looking for, can you guys provide that. Mr. Kershner stated if the community that currently houses that business cannot provide what the company is looking for, then it gets referred to the regional network. He said this gives the current host community the opportunity to try and meet the needs of the business.

Mr. Kershner said some of the value the cities have seen with the BUSINESSFIRST! program is that it has become an extension of their economic development departments. He said for \$1500 these departments are able to get referrals and the assistance of economic development professionals that make visits on their behalf or in coordination with them, giving them an expanded ED network for minimal cost.

Mr. Collins said the executive committee of BUSINESSFIRST! meets quarterly and is made up of representatives from each county. He said Montgomery County is neutral in its support of communities. He stated each community opts into the program and there is no coercion. Mr. Collins said BUSINESSFIRST! has a marketing committee and a workforce development committee, which are the backbone of economic development.

Mr. Collins said he developed a work plan in terms of how many visits he was going to make

and since the program's inception, he has visited about 7,000 businesses. He stated the program includes a regional data portal where jurisdictions can input information about businesses and retrieve regional analytics. Mr. Collins said the technology and central data warehouse are important because if someone goes out and meets with a company, information can immediately be added to the system. Mr. Kershner said all 33 jurisdictions have full access to the software system called Executive Pulse, so they can see what information is being inputted about a company. Mr. Collins stated that each business has its own portfolio, action items and contact information in the database. Mr. Kershner noted the data helps Dayton target what the workforce needs are, what the economic development needs are, which industries are thriving, and which industries are struggling.

Committee member Jim Rounds said problems may occur when you have cities with different needs and different economic profiles. He stated in Arizona over the last few years, different groups stepped up and filled in different pieces of the puzzle, including MAG and others. He noted there are different groups working on the same things and at some point you may end up with a duplication of efforts. Mr. Rounds asked from the Dayton group's perspective, when do you get to the point that there are too many individuals working on these deals? He said in Arizona, Governor Doug Ducey addressed this issue somewhat by creating an economic opportunity office that is going to bring the Arizona-Mexico Commission, Arizona Office of Tourism, and the ACA together to work cohesively.

Mr. Rounds asked if there is anything Arizona should be careful of in bringing too many people in from the broader region, because although we do not want to poach from each other, we sometimes have different priorities. Mr. Kershner said yes, there can be too many cooks in the kitchen but noted among the Dayton group, there is a different lead and different strategy to deal with every company. He added sometimes the county leads, sometimes the chamber leads, or the effort could be led by a city, all depending on who has the relationship. Mr. Kershner said everyone knows the strengths and relationships the partners have and utilize them when needed. Mr. Collins said with the Dayton area's coordinated approach, the local jurisdiction is the lead if the business is there and that he is there to help.

Mayor Lane said he has concerns with duplicating programs that are already in place. He said the Phoenix metro area has a very strong structure through GPEC's regional effort and the cities participate to the extent that they would like to. Mayor Lane asked how the discussion generated to the point that we felt we needed to duplicate that effort.

Mr. Kershner asked a question about GPEC and whether the chambers or business organizations are represented. Mayor Lane answered business and industry are represented but the chambers have also engaged cities on business retention and worked in a coordinated effort for businesses in our cities. Mr. Collins said the chambers, to a large extent, are still the natural portal. Mayor Lane said the chambers involvement in business retention is a recent phenomenon, as that was not a part of the program for many years. He noted with the advent of business attraction, these organizations realized, just like in the marketing and sales world, that retaining a customer is more cost effective than going out and attracting new business. Mayor Lane noted that if the Dayton group did not know about the roles of GPEC and the

Arizona Commerce Authority then it is understandable that in his opinion they are presenting something very similar to what the Valley already has in place.

Mr. Sanders said he thinks GPEC is the gold standard, but its mission by and large is attraction and he sees a lot of space on the retention side that the Chamber felt could be filled. He said the work the Chamber has done in coordination with the city, the Arizona Commerce Authority and the county has been broad based across industry, and is not limited to the scope of membership. Mr. Sanders noted that the chambers walked away from BRE work about 20 years ago but are uniquely qualified to do it because businesses make up their membership. He said he has been working aggressively with his members and chambers across the region as well as the Arizona Association for Economic Development (AAED), a local economic development organization. Mr. Sanders stated the Chamber is working on training these organizations so they can be up to speed and compliment the work that the city's economic development teams are doing on a daily basis.

Mayor Lane commented that from the standpoint of retention, it seems like all ED folks are getting more engaged. He said the City of Scottsdale has worked very closely with retention of its businesses and with GPEC and the ACA and he said it has been a very successful avenue. Mayor Lane stated he went to the Scottsdale Chamber and brought them into the picture and that has worked out very well. Mr. Kershner clarified that Dayton does not limit its services to members. Mayor Lane said that businesses always have concern that chambers are there for a membership drive.

Mr. Collins said the high level picture is the region works in a cohesive manner to help businesses. He asked what policy, programs and initiatives the Phoenix region has not only meeting businesses but aggregating data, trending data and creating new programs. Mr. Collins asked how the Phoenix region is structured, and if it has the protocols in terms of bringing in new resource partners to provide value in an integrated way. Mayor Lane said that the answers to those questions are yes as they pertain to Scottsdale, as far as through GPEC, but he does not speak for other cities.

Vice Mayor Jack Sellers told the EDC that the City of Chandler has a very active BRE program that involves the Chamber, ED members and council members. He said it is a big plus to have elected officials on visits to businesses. Vice Mayor Sellers wanted to know how many organizations work on and identify the same problems. He said although GPEC did not work on BRE in the past, they have recognized that BRE brings the majority of job creation so they currently have a very effective organization. Vice Mayor Sellers stated that MAG and GPEC are not only concerned about these areas but bring together all of our economic development directors and elected officials regularly to share these ideas and go forward with a lot of things the Dayton group discussed. He said the Phoenix area model may need some fine tuning, but it has the organization.

Mayor Lewis said a summary of what he heard is teamwork and making sure roles and responsibilities are identified. He explained he was doing just that with Mr. Sander's help in bringing Gilbert leaders together. Mayor Lewis said he met with the Gilbert Chamber and

town leaders and talked about Phoenix Forward. He stated Gilbert leaders identified 200 businesses and conducted a business walk. Mayor Lewis said Chamber leaders, elected officials and other economic development leaders split up and spent a couple of hours visiting the businesses. He noted they were quick visits and great for relationship building. Mayor Lewis said during this successful event, each business was asked four or five questions about how community leaders could help promote their business.

Mr. Rounds said it sounds like the Dayton program calls for a lot of outreach. He said that even though there is a regional component to economic development, a lot of it is local. Mr. Rounds commented that each community is unique and only that community is going to know the small details that may affect a business. Mr. Rounds said he liked the regional discussion but said he feels like in every community, the individual cities that really monitor what is going on are the ones that are going to be able to retain businesses.

Mr. Collins said the takeaway question, from a strategic standpoint, is how are all of you integrated as a group? He noted that Dayton as a region was able to secure funding for developing a workforce pipeline as well as a \$2.3 million dollar labor grant. Mr. Collins stated from a competitive standpoint, uniting as a region has helped them because they have thousands of companies that they can tap into to talk to a prospect about the advantages of doing business in the Dayton region. He said they can pull that information from CEOs and not the government, and that gives them more credibility.

Mayor Lord said the guests from Dayton may have a misconception of what our region is like. She noted that the Phoenix region is very collaborative and its municipalities work diligently on relationships with the business community to tailor economic development plans to fit an individual business. Mayor Lord said our region shares business retention activities and are committed to continuing to do so. She explained this is not a one size fits all business retention strategy led by a regional agency, and is concerned about possible duplication efforts and confusion among our businesses. Mayor Lord said Goodyear is not in favor of developing a regional business retention strategy or program through MAG. She thanked the Chamber and MAG for their efforts.

Chair LeVault thanked Mr. Collins and Mr. Kershner and noted that whatever model our community adopts will be uniquely Arizona and Phoenix. He said it is always interesting to hear about what models are being used across the country.

## 6. Housing and Land Development in the MAG Region

Chair LeVault welcomed Spencer Kamps, Vice President of the Home Builders Association of Central Arizona and Jeff Gunderson from Lennar Homes to discuss housing and land development in the MAG region. Jeff Gunderson said he is responsible for land development and land acquisition for the local division of Lennar Homes, the nation's second largest home builder. Mr. Gunderson stated Lennar's local division will build roughly 750 homes this year in the Valley. He said in the current market, sales are good in certain locations and permits are up, although Lennar would like the numbers to be even higher. Mr. Gunderson noted he

would like to make four sales per community, per month, but is currently making less than three. He said the more homes built allows Lennar to be successful when measured as national home builders next to divisions in Texas, California and Florida.

Mr. Gunderson said he thought Arizona and Phoenix in particular are doing a fantastic job of job generation and it is really helping to drive the success of his business. He noted that at one point his company had roughly 450 people working in the Phoenix metro area and in the downturn that number dropped down to 41. Mr. Gunderson said he is aware that the downturn hit the municipal staffs the same way and some areas are still struggling with lower staffing levels that have resulted in longer plan review times, permit turnaround times and the types of things that can be critical to homebuilders. He encouraged the cities and towns to increase staffing levels and streamline the permitting process.

Mr. Kamps said he enjoyed the discussion with the representatives from Ohio on BRE and his comments will focus on BRE for homebuilding. He reiterated that the Valley has seen some recovery in the homebuilding industry. Mr. Kamps gave the committee some statistics on the number of new single detached home starts from 2011 through April of 2016. He said as of April 2016, there has been a 24 percent increase over last year and the Phoenix area is on track for close to 20,000 new starts this year.

Mr. Kamps noted that since WWII, Arizona has always led the nation out of every recession and homebuilding has always led Arizona out of every recession. He said he knows leaders are working on diversifying the economy through healthcare, biotech and other sectors, but for now homebuilding still leads Arizona's economy. Mr. Kamps said when looking at our economic growth it can be divided up as pre 2007 and post 2007 because what the area has been going through is so unique and different. He stated there has been a sluggish national recovery and even the latest national job numbers are not particularly encouraging. Mr. Kamps noted Arizona is doing better in job growth than most of the nation. He said a big factor in Arizona's recovery is the slowdown in population flows. Mr. Kamps said the area's population is projected to grow two percent in 2016 and that equals about 20,000 units in the housing sector, mirroring what the Valley could potentially see in new home purchases this year. He said in the Home Builder Association's view, a good economy in terms of population growth is about four percent, and that would equal about 30,000 to 35,000 new single family detached units. Mr. Kamps noted in the housing peak, the Valley was at 65,000 units.

Mr. Kamps explained that population growth is a key driver in our economy. He said Phoenix currently ranks eighth for population growth and he would like to see that move up. Mr. Kamps stated every year before 2007, the Valley came in first or second for population growth. He noted a couple of challenges for the housing industry are negative equity, as 14 percent of Phoenix residents are still in the red. Mr. Kamps said the national average is eight percent. Mr. Kamps said another factor affecting the housing industry is strict lending standards. He noted before the housing downturn, credit requirements were loose but that has come full circle.

Mr. Kamps said a big challenge is that 39 percent of home buyers have below average credit scores. He stated people willing to purchase homes cannot qualify because of their credit

scores. Mr. Kamps said another challenge is the FHA loan limit, which is at \$271,000. He explained the median price of a home in the Phoenix metro area is \$229,000 including resell, but the median new home price is about \$331,000. Mr. Kamps noted that in order to be competitive with resale housing and FHA loan limits, new home prices need to come down.

Mr. Kamps stated one positive aspect of the housing industry is that interest rates are still low. He said he does not know how long interest rates will stay low and he would be worried if rates started to creep up. Mr. Kamps mentioned that Phoenix is essentially in competition with Florida, Colorado, Texas and Nevada in addition to its immediate neighboring states. He said publicly traded builders are looking to see how soon they can make a return on their investment and where their investment dollars would be best spent. Mr. Kamps said he fears Arizona is losing out on those dollars. He asked committee members to keep in mind regulatory issues, design review, staffing and all those issues as they relate to business retention of home building jobs. Mr. Kamps also asked the committee to look at these factors in the context of competition with other states.

Mr. Kamps noted labor is the number one challenge facing the industry. He stated he believes the Arizona housing industry could have built 16,000 new homes last year if it had the labor to finish the homes. Mr. Kamps told the committee that build times have been extended dramatically due to the labor shortage. He said there are a number of programs his association has to attract more labor and he is unsure why labor shortages remain in the industry, and why the industry is not attracting labor back to the state like it used to post recession.

Mr. Gunderson said that although homebuilders are looking at closing 20,000 units this year he does not believe the Valley will reach those numbers because of the labor challenge the area is facing. He stated his company is starting to build homes earlier in the year to try to meet year numbers because cycle times have gone up by two or three months. Mr. Gunderson said the average cycle time two or three years ago to build a 2,000 square foot home was about three to three and a half months, whereas today he is looking at seven to seven and a half months.

Mr. Gunderson said since the resurgence of home building, most staff in our cities and towns have begun looking at things with a 'yes' mindset, and said it is something that is new and refreshing. He stated the old thought was the builders and developers were the bad guys. Mr. Gunderson said that is not true, that builders are trying to work on communities and neighborhoods they can all be proud of building, owning and living in. He stated he has been pleased that people in many of the municipalities he has dealt with are looking for the yes answer and do not automatically say no to developer suggestions.

Mayor Mitchell said it is important that homebuilders work with cities and towns across the state because there is a lot of legislation that could do damage to these municipality's revenue streams and economic opportunities by limiting what they can and cannot do. He stated it is important to make sure there are appropriate resources to fund staffing levels that are needed to process homebuilding permits. Mayor Mitchell shared he was personally affected by the downturn of the housing industry. He said the economy has changed a lot and there is now a

lot of diversification with service, financial, medical and human resources companies entering the Valley. Mayor Mitchell noted cities and towns do a lot to attract companies to our state and in turn those companies bring future customers to home builders, utility companies, and others that benefit the region.

Mayor Barney echoed the comments of Mayor Mitchell about how important builders are to the economy. He said Queen Creek just had its mid-decade census and found it grew by seven percent over the last several years. Mayor Barney stated he would like the town to keep up that growth rate in the future. He noted Queen Creek is currently on pace to have over a thousand home building permits issued this year. Mayor Barney said his town is known for its strong design standards, which he believes helped keep foreclosures low during the recession. He said since the recession, Queen Creek has had over \$200 million worth of new infrastructure investment in the town center and he feels it is because of the quality of the community and quality of the homes.

Mayor Barney explained Queen Creek has a highly educated population and high median income. He stated he has had builders come in and ask to lower design standards, but he declined as he would not want to commit that injustice to those that have come to Queen Creek and upheld the design standards. Mayor Barney agreed that workforce housing is important to the area. He announced that as of July 1<sup>st</sup>, Queen Creek is moving to an online permit approval process. Mayor Barney said a builder will be able to apply for permits online and will have access to an online daily report that will follow the progress of the permitting process. Mayor Barney stated his town appreciates homebuilders and the work they do.

Mayor Wolcott said it is an important acknowledgment and recognition of homebuilders that cities are trying to find a way to get to 'yes' and work with them. She stated one challenge that has yet to be discussed is that the product the developers are looking to build may not always be the product a community is looking for at that time. Mayor Wolcott commented that at a recent GPEC mayor's meeting she learned that only 17 percent of existing jobs in Arizona require a four year degree. She said our region's economic development efforts focus on attracting employers that need people with four year degrees because we are cranking out degrees at our institutions here and we need jobs to keep those people in Arizona. Mayor Wolcott stated people are looking for higher wage jobs and we need housing for those people. She said we need to find that match of the types of jobs and types of homes for those workers that is a good fit for each community.

Mayor Wolcott noted that suggestions for workforce housing is problematic for some communities because it does not meet the needs of the people we are bringing in with higher wage jobs. She said some people need more than a workforce starter house or retirement home and are looking for something in between. Mayor Wolcott said she is one of those people. She explained it is difficult to find enough inventory and choices for people still in the workforce and looking for nice homes. Mayor Wolcott stated it is a challenge for homebuilders to find the workforce it needs and major challenge for our state that we need to work collectively to solve. She said the City of Surprise continues to grow although it was considerably upside down during the economic downturn. Mayor Wolcott stated the city has now burned through

a large portion of foreclosure inventory and is looking to continue to grow.

MAG Executive Director Dennis Smith thanked Mr. Kamps for his cooperation and noted the dialogue between them started from a Clean Water Act issue. Mr. Smith said Mr. Kamps was concerned about how long it took to process the 208 Amendments and MAG took that comment seriously and made its process quicker. He explained that during discussions about the 208 Amendments, Mr. Kamps brought up a report about the housing industry that was circulated around the different communities. Mr. Smith said the information in the report was correct, but the tone could be better articulated so MAG reviewed the report, rewrote and reissued it.

Mr. Smith noted something Mr. Kamps had not mentioned today in relation to the workforce shortage but did bring up in earlier discussions is the effects of Arizona's strict E-Verify law. Mr. Kamps stated Arizona is one of only four states that has an across the board mandatory E-Verify law. He said that potentially puts our state in a disadvantage against other states competing for the same workforce. Mr. Smith said some states have partial E-Verify requirements, but in homebuilding our competitor state Texas does not have any and in California it is very limited. Mr. Smith commented there are many policymakers and influential people on the EDC that can make a difference in relation to this law. He told the committee what was once a three month job to complete a house has now grown to a nine month job. Mr. Smith said Mr. Kamps has been very gracious in inviting MAG staff into some of his committee meetings to showcase some of the tools MAG has that can help strengthen the Valley's homebuilding industry and help lead us out of the recession.

Councilmember Sierra said he also wanted to address workforce. He noted we have a workforce shortage because potential workers are in New Orleans, North Carolina, Georgia and other states building homes there. Councilmember Sierra stated this is the impact of when a small minority of Arizona leaders vilify immigrants or those of Hispanic descent. He noted our lack of workforce for housing construction is a business outcome of that mindset and asked that as community leaders, members of the committee take a strong look at how we are treating those people that are part of our most valued workforce. Councilmember Sierra said he fears that if it gets to the point where the Phoenix area needs to accelerate home building, we will not be able to do it. He stated he is hearing this from builders and others in the field and said leaders need to take a look at how we address this issue as a larger community.

Mayor Lord commented she was surprised to learn how long it is taking the housing industry to build new homes in the Valley. She noted the City of Goodyear and others are trying to help reduce the single family home review process from ten days to four days. Mayor Lord said she is looking at all levels of how she can help, including through smaller home sites, different looking communities, and strategies to encourage residential infill development to help with a number of developments that lost money in the downturn. She stated she tries to find different strategies to help builders produce new homes for residents of her city. Mayor Lord said she believes E-Verify is a key issue and the cities could be influential in trying to make the state aware of how it is affecting the homebuilding industry. She noted that we need a work program that will benefit homebuilders.

Mr. Kamps said he appreciates all of the work the community is doing to assist his industry and noted one of the good things about the Arizona housing market is there is a variety of every kind of product from active adult to workforce to move up products and lofts among others. He encouraged elected officials to continue allowing for a mix of homes to be built in their communities whenever possible, because having that starter home, move up home and active adult product allows a resident to stay there for a lifetime and builds stronger communities.

Mr. Sanders said the reason there is a worker shortage is we do not have a regional BRE, and we do not have the data to know where the holes are in our strategy. He stated he talked to a company six months ago in Scottsdale that sent 125 jobs that pay \$80,000 each back to the East Coast because they could not find the workforce who could pass a Series 7 exam. Mr. Sanders said the region needs to address the problem whether it is with the EDC or GPEC. He stated he wants to be a part of the solution and noted the homebuilding industry is part of the mechanism that drives our economy.

Chair LeVault said he appreciates the historical importance of the housing industry to our region. He noted the people that lived through and survived the recession have gotten smarter and probably everyone at the table would agree that streamlining and flattening bureaucracy is almost always a good thing. He said MAG is made up of the cities and towns that sit on the Regional Council and is always looking for better and more efficient ways to work with the housing industry and ways to improve the economy.

7. Update on the WESTMARC West Valley 2016 Economic Development Summit

EDC Committee member and Western Maricopa Coalition (WESTMARC) President and CEO Sintra Hoffman updated the committee on the WESTMARC West Valley 2016 Economic Development Summit held last May. She said more than 400 people attended the event, including Arizona Governor Doug Ducey. Ms. Hoffman noted that the summit was a great way to showcase economic development activity happening in the West Valley.

City of Surprise Economic Development Supervisor Mike Hoover stated that WESTMARC's focus over the last 18 months has been on validating the workforce. He said he thinks validating the workforce has been the biggest pain point in the West Valley because data was collected at place of employment in an area where 80-90 percent of the community commutes to work. Mr. Hoover noted that when the Vision study with the West Valley mayors and managers started almost two years ago, MAG implemented an environmental and asset evaluation across the whole West Valley, and workforce and education were identified as critical components to advance the area.

Mr. Hoover said the West Valley first turned to the private sector to develop a model on how to identify good residential data and create a unique tool. He noted his team quickly realized the private sector would not be able to get the job done and turned to MAG, a group that works in the best interest of the West Valley and the entire region. Mr. Hoover said the first phase of the project included a comprehensive asset analysis of the West Valley. He explained the

second phase of the project is focused on workforce development and education. Mr. Hoover said gathering workforce development, education and residential data was critical to the project. He stated next steps include conducting a strategic plan for workforce development and building a regional tool, the West Valley Pro, which will validate the talent that resides in the West Valley and identify gaps that can be mitigated through education. Mr. Hoover said the tool will be essential to better market the West Valley region.

Mr. Hoover said the goal is for West Valley Pro to become a regional tool, beta tested in the West Valley. He stated the tool will focus on the unique characteristics related to education of a resident, the industry they currently work in, occupation classification and the skill sets that they have. Mr. Hoover said economic development groups will be able to better market the West Valley as one region and as the tool rolls out to the rest of Greater Phoenix, will be able to better market the uniqueness of the Valley's workforce. He explained that when groups meet with site selectors and human resources managers that often accompany the larger site selection groups, they will be able to give specific information about the talent pool in the area.

The committee viewed a MAG video that showed a 24 hour cycle of the West Valley and the migration pattern as the workforce moved from the West Valley to Central Phoenix and the East Valley. Mr. Hoover said this is not a west versus east situation, but a problem for recruitment for the whole region. Mr. Hoover explained with this data, leaders will be able to better communicate to site selectors the value in the West Valley and Greater Phoenix. He noted long commutes to work impact our transportation systems and quality of life for our residents.

Mayor Wolcott said the MAG video was a very powerful demonstration of the mismatch of where the jobs are versus where people live. She stated it is something the homebuilders need to see. Mayor Wolcott noted as Mr. Hoover said, this is challenging our transportation system and, as we make transportation plans for the future, we should take a look at how it is being impacted by West Valley commuters. She said time in traffic impacts productivity and costs time and money. Mayor Wolcott stated she appreciates the work of MAG and WESTMARC partners to make sure the workforce, housing and our future plans are integrated.

8. Update from the Arizona Commerce Authority

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

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

Emily Mead with GPEC said 41 companies have located to the Phoenix area during this fiscal year, which ends June 30<sup>th</sup>. She noted last year there were just over 30 locates, so this year has seen a lot of success. Ms. Mead said some noteworthy announcements include the move of Kudelski Security, a Swiss company, relocating its headquarters into Phoenix. She noted GPEC relied on the ACA, the Governor's Office and the City of Phoenix to help make that happen. Ms. Mead said Oscar, a health insurance company out of New York, is relocating to Tempe and bringing 200 jobs to the Valley.

Ms. Mead also gave the committee an update on the reverse pitch event GPEC's healthcare leadership council held recently with over 200 people in attendance. She said Banner Health, Dignity, and Adelante Healthcare made pitches to an audience full of technology companies and entrepreneurs, dictating their gaps in the market and how the technology sector could bring forth solutions to help them. Ms. Mead said GPEC would continue to update the committee on new developments.

10. Request for Future Agenda Items

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

11. Comments from the Committee

Chair LeVault asked if there were any comments from the committee. Committee member Angela Creedon extended a thank you on behalf of Arizona State University (ASU) to MAG for providing a letter of support for one of ASU's National Science Foundation (NSF) grant applications that was a success. She said the school received \$18.5 million dollars to create the center for bio-inspired geotechnics. Chair LeVault stated he was happy to work with ASU for that grant.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:14 p.m. The next meeting of the EDC will be on Tuesday, August 9, 2016, 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