

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
ECONOMIC DEVELOPMENT COMMITTEE

March 3, 2015

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

MEMBERS ATTENDING

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

\* Not present

# Participated by video or telephone conference call

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

Roc Arnett, EVP	Denise McClafferty, MAG
Gregory Arrington, Youngtown	Karla Moran, Gilbert
Anubhav Bagley, MAG	Jessi Pederson, Goodyear
Len Becker, Buckeye	Valerie Pierron, Visitor
John Catapano, Maricopa Community Colleges	Linda Priano, MAG
Alan Carey, GBI	Nathan Pryor, MAG
Ken Chapa, Mesa	Tom Remes, Phoenix
Alana Chávez Langdon, MAG	Shannon Selby, Tempe
Doreen Cott, Queen Creek	Dennis Smith, MAG
Natalia Cuneo, MAG	Tim Strow, MAG
Dan Davis, Avondale	Kelly Taft, MAG
Walt Gray, West Side Town Hall	Marc Valenzuela, ASU
Eric Gudino, ADOT	Richmond Vincent, Goodwill
Kathya Hidalgo, Phoenix	Marge Zylla, Tempe

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Lewis at 11:35 a.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Tom Franz, Mayor Mitchell and Dan Spitz joined the meeting via teleconference. Chair Lewis welcomed Supervisor Kunasek as the newest member of the committee.

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

3. Call to the Audience

Chair Lewis noted that the Call to the Audience provides an opportunity to members of the audience who wish to speak on items not scheduled on the agenda that fall under the jurisdiction of MAG, or on items on the agenda for discussion but not for action. Citizens are requested to not exceed a three minute time period for their comments. A total of 15 minutes is provided for the Call to the Audience agenda item, unless the Economic Development Committee requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard. Chair Lewis recognized public comment from Walt Gray, Alan Carey, and Valerie Pierron.

Walt Gray, representing West Side Town Hall, stated that his main concern is that this committee has not given sufficient consideration to low income residents as it relates to economic development. He noted he appreciates that on today's agenda there is an item on labor force data and analytics. He stated that the City of Phoenix has eliminated the food tax and encouraged other cities to do the same, adding that this would help improve the lives of low-income people.

Alan Carey, Managing Director of Global Business, Inc., stated that he would like to invite companies in Maricopa County to a free business to business event that will take place on April 3, 2015, at the Greater Phoenix Economic Council office. He stated that a delegation from Luxembourg would like to present their capabilities in the Aerospace and Materials sectors, and to organize bilateral meetings between Luxembourg organizations (private and public) and their counterparts in the United States. He added that Dr. Patricia Conti, Head of the Luxembourg Cluster and Johnny Brebels, Head of Materials and Production Technologies sector, are interested in establishing cooperation between Luxembourg and Arizona's Aerospace and Materials sectors. This cooperation may be in the form of trade partnerships between stakeholders and/or in the form of attracting talents and companies to and from Luxembourg. Mr. Carey also introduced Valerie Pierron, who is currently a resident of Toulouse, France. She is relocating to Arizona to start her own event and tourism company.

Valerie Pierron stated that Toulouse is a city in southwest France that is half-way between the Atlantic Ocean and the Mediterranean Sea. She added that Toulouse is known as the “pink city” for its distinctive brick architecture, and is the fourth largest city in France. Ms. Pierron explained that Toulouse is the center of the European aerospace industry, with the headquarters of Airbus, the Galileo positioning system, and the SPOT satellite system all located there. She stated that more than 35,000 citizens work in the civil aviation or space industries and reported that the University of Toulouse is a world renowned university, the third-largest university in France, with more than 119,000 students. Ms. Pierron added that in 2015 Toulouse was voted the most enjoyable city in France. She noted that there are a lot of similarities of strengths between the Toulouse and Phoenix areas and stated that she would be happy to help create relationships and economic opportunities between the two cities. Chair Lewis thanked Mr. Gray, Mr. Carey and Ms. Pierron for their comments.

4. Approval of the February 3, 2015 Economic Development Committee Meeting Minutes

Chair Lewis asked members of the committee if they had any questions or comments regarding the February 3, 2015, meeting minutes. There were none. Mayor LeVault moved to approve the February 3, 2015 Economic Development Committee meeting minutes. Steve Betts seconded the motion and the motion carried unanimously.

5. Emerging Issues in the Economy for Arizona

Jim Rounds, Senior Vice President from the Elliott D. Pollack & Company, provided an update on the economy and the impacts on local government. He reported that the U.S. economy is doing better than what most people believe and that the country is getting back to its long term average Gross Domestic Product rate of growth. Mr. Rounds noted that the Arizona economy has regained 74 percent of its lost jobs, without having had any improvements in the real estate sector, and ranks number ten in job growth. He added that it is important to note that our state had a unique downturn and economists are expecting Arizona will recover all of its lost jobs by early next year. Mr. Rounds explained the difference between economic recovery and job recovery and noted that job growth is one of the many factors affecting the economic recovery. Mr. Rounds stated that the quality of jobs being created also needs to be taken into consideration and added that it is important to note that Arizona has not necessarily been hiring the same quality of jobs as it lost.

Mr. Rounds reported that the majority of people across the U.S. are having difficulty moving from state to state. He explained that there are not many people moving to Arizona, but this has to do with factors that are beyond the state’s control, such as financing. In 2014, this state ranked number six in population growth and ranked 17 in attracting migrants from outside of the country. Mr. Rounds suggested that the various economic development groups in our state need to identify their skills and then begin focusing on just three or four specific issues. He added that public policies need to be introduced that include relevant research, pertinent analysis, and then be implemented at appropriate time. He stated that the key to good public policies is understanding what is happening in the economy.

Chair Lewis thanked Mr. Rounds for the report and asked if there were any comments or questions from the committee.

Todd Sanders, President and CEO of the Greater Phoenix Chamber of Commerce, asked what Mr. Rounds thought the impact will be on the recent higher education cuts in regards to bringing in new employers and quality jobs within the next two to three years. Mr. Rounds commented that he agrees with the advocates of higher education investment and explained that he thinks the main obstacle in getting these investments is that the benefits are not seen in the short term. He explained that this creates a challenge in getting policy leaders on board. He suggested that the education community pick very specific issues, such as classroom size, provide the research, and then present the benefits to the lawmakers.

Mayor Kavanagh commented that many local governments prefer to stay small. Mr. Rounds agreed and commented that some cities are doing better than others in term of infrastructure investment and balancing their budgets. He added that he believes Maricopa County is doing a great job in balancing its budget and doing long term strategic planning.

Steve Betts, Greater Phoenix Economic Council Board Member, asked if Arizona has any characteristic of what millennial workers are looking for when they choose a place to live. Mr. Rounds responded that Arizona does in fact have a lot of characteristics of what millennials are looking for and noted that survey findings indicate that millennials are interested in purchasing single family homes, however, they are renting due to various economic factors, such as lack of financial capability or high student debt.

#### 6. Report on Labor Force Data and Analytics

Anubhav Bagley, MAG Information Services Manager, stated that in 2014 MAG staff conducted 33 meetings with approximately 220 member agency economic development department staff to showcase datasets and analysis tools. He reported that almost all of agencies expressed a need for subregional and current data on labor force and skill sets of the workforce. This led MAG staff to begin working on a pilot program to collect and analyze data from Arizona State University (ASU), East Valley Institute of Technology (EVIT), Western Maricopa Education Center (West-MEC) and Maricopa Community Colleges.

Mr. Bagley stated that Maricopa County has a total of 210 educational institutions. ASU provided MAG with 287,442 records from 1990 to the spring of 2014 with student degree information and where they currently reside. He reported that since 1990, about 65 percent of graduates still reside in Arizona. The data also shows the location of these graduates, with the highest concentration being in Tempe. Mr. Bagley indicated that the total number of graduates located in the Phoenix Metro Area, include graduates with 136,207 Bachelor's Degrees; 33,501 Masters Degrees; 3,183 Doctoral Degrees and 2,588 have First-Professional Degrees. This data also shows the types of degrees produced by ASU and where these graduates reside, allowing users to see the distribution of the different degrees in the region. For instance, 9,847 are engineering degrees and the higher concentration is in Tempe.

Mr. Bagley indicated that this data may also be used to analyze business attraction, as well as retention purposes. He stated that data shows that there is a strong correlation between where ASU locations are and where the graduates are residing. Degrees can also be looked at by higher concentrations (per 1,000 people) and cities with the highest concentrations of graduates include Tempe, Mesa, Chandler, Scottsdale and Paradise Valley.

Mr. Bagley reported that the Maricopa Community Colleges also provided MAG with data from the years 2013 and 2014. From the 32,406 degrees produced in these two years, 90.5 percent are still living in the MAG region. The spatial pattern distribution of these graduates is more spread out throughout the region than the ASU graduates. This is due to the fact that there are many community colleges spread throughout our region. The third source of data came from the East Valley Institute of Technology and the Western Maricopa Education Center, which includes completions of programs from vocational and technical schools in the region. Mr. Bagley explained that a key next step for this project is to start conducting analysis on retention rates by different specializations and assess how this retention rate can be increased. These kinds of metrics can also be conducted by employment centers to support the work done by economic development departments in the cities of the region. Mr. Bagley added that collaborating and receiving future data from educational institutions with the University of Arizona, Northern Arizona University and other educational institutions will be essential in order to continue to develop this data collection.

Chair Lewis thanked Mr. Bagley for his presentation and asked if there were any comments or questions from the committee. Mr. Rounds stated that this information is another example in which a particular group has a skill set in putting information together to present a better understanding of the current system and to implement changes in policy. Mr. Bagley added that through a \$40,000 grant from Virginia G. Piper Charitable Trust, MAG staff is currently developing a statewide kindergarten through third grade education interactive viewer.

Mayor Kavanagh asked if there are any plans in trying to find how out many Arizona high school graduates attend an Ivy League School, what type of degree they received and if they come back to Arizona. Mr. Bagley responded that it is a great idea, however, the challenge would be in acquiring that data. He added that they would have to work with the businesses to identify how they are recruiting graduates. Dr. Cavinato stated that this information is available and explained that he has taught at Penn State University and the University of Georgia, and because universities have to go to their legislature each year to get funding, the legislature ask them how many quality students remain in the state, after they subsidized their education.

#### 7. Executive Director Update on EDC Initiatives

Chair Lewis stated that in September 2014, staff provided a list of initiatives to members so they could see what the committee would be focusing on for the next twelve months. In October 2014, Chair Lewis requested comments and feedback on the projects from the committee members. Due to the feedback received, Chair Lewis requested that Dennis Smith, MAG Executive Director, provide an overview on current and future economic development initiatives. Mr. Smith explained that due to the economic downturn and declining sales tax revenues, (which is a major source of funding for the Regional Transportation Plan), it was necessary for MAG to reduce the Regional Freeway and Highway Program by \$6.9 billion. Mr. Smith reported that the reduction in sales tax funds, the fact that the region was faced with nearly 64,000 pending and foreclosed homes, and a federal requirement to tie economic development into transportation planning, led MAG to form the Economic Development Committee (EDC) in October of 2010. He explained that

the role of the EDC was to develop an opportunity specific and action oriented plan that fosters and advances infrastructure in the MAG region, especially transportation infrastructure that would further economic development opportunities.

Mr. Smith indicated that when this committee was formed, it was on a two-year sunset plan and some people asked if this was an appropriate committee for MAG. Mr. Smith explained that under the Federal Transportation Law, MAP-21 Title 23, U.S.C Sec 134 Metropolitan Planning (h) Scope of Planning Process 1A., it states “Support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency” which shows this was in the interest of MAG.

Mr. Smith discussed the book “Crazy is a Compliment” by Linda Rottenberg, which focuses on the importance of implementation, instead of just talking about ideas, learning theory, and writing business plans. He also played a short video clip on the Jim Collins book “Good to Great”, which explains the concept that “good is the mortal enemy of great”. Mr. Smith also discussed the “flywheel” concept from the book that explains that building something great takes a lot of time and that realistically, most overnight successes take years and years.

Mr. Smith presented the MAG initiatives on a " flywheel" graphic. He explained that the axle of the flywheel is the EDC and the flywheel shows how projects and events are interconnected and support the focus areas, which are transportation, Mexico initiatives, employment, education, economic recovery and the Canadian impact. He discussed MAG's first initiative was to create the Greater Phoenix Rising web portal and then followed up by the creation of the online mapping tools. Discussions also included the Canadian impact and how MAG has been working closely with the Canada-Arizona Business Council. Mr. Smith commented that cities in this region have joined this organization. Other initiatives include the BIEN online platform, labor force data collection, and a memorandum of understanding with educational institutions to collaborate on different initiatives. He also stated that several of the cities have taken ideas from the EDC and have gone back to their own communities and implemented them. He added that the City of Surprise and the Town of Gilbert organized trade missions to Canada after seeing the MAG mapping tools and the enormous presence of Canadians in our region.

Chair Lewis thanked Mr. Smith for the update and asked if there were any comments or questions from the committee. There were none. Chair Lewis stated that each member received a feedback form to help the leadership know the thoughts of members of this committee.

8. Update from the Arizona Commerce Authority

Marisa Walker, Senior Vice President of Strategic Planning and Infrastructure, from the Arizona Commerce Authority (ACA), stated that the ACA is under a five-year-plan with a job creation goal of 15,000. Currently, they are just under 12,000 jobs. Ms. Walker stated that the new opportunities are at 206, with a goal being 308. She reported that 14 percent are in the international area; 22 are from the northeast; 20 percent from California; and 10 percent from the southeast. She added that the ACA has started its third Export-Tech program, which is a 60-day boot camp in Phoenix, as well as its Venture Madness program,

which is a startup competition. Ms. Walker reported that the ACA recently participated in an event with Congressman Paul Gosar and provided him with the first border briefing at the Mariposa Port of Entry. Discussions included statistics on cross border trade, the impacts of the maquila industry, and steps that are needed to make Arizona more globally competitive. One of the concerns discussed included inadequate staffing of U.S. Customs and Border Protection personnel, which delay the flow of legitimate commerce and tourism through Arizona's ports of entry. Other concerns that were discussed included the recent closing of bank branches along the border and banks no longer doing business with companies who operate on both sides of the border due to regulations imposed by the federal government.

Chair Lewis thanked Ms. Walker for the update and asked if there were any comments or questions from the committee. There were none.

9. Update from the Greater Phoenix Economic Council

Steve Betts, Greater Phoenix Economic Council Board Member, stated that the main initiatives are Velocity; the California Strategy, which identifies specific companies and initiatives to bring these companies to Arizona; and a Washington D.C. trip mission, working directly with Senator McCain's office and the sequestration issues that Arizona has faced. He added that GPEC's leadership is focusing on collaboration and integration alignment with economic development activities and strategies regionally. GPEC will also continue to focus on marketing intelligence.

10. Request for Future Agenda Items

Mayor Lewis stated he would like to add two future agenda items for discussion. The first topic will be related to what local city leaders do to communicate and engage local business leaders with economic development. The other topic will focus on what business leaders think that municipalities can do to further communication and engagement with the business community. Chair Lewis asked if there were any requests for future agenda items. There were none.

11. Comments from the Committee

Chair Lewis asked if there were any comments from the committee. There were none.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:04 p.m.

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Chair

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Secretary