

August 29, 2016

TO: Members of the MAG Economic Development Committee

FROM: Mayor W.J. "Jim" Lane, City of Scottsdale, Chair

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

Tuesday, September 6, 2016 - 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  
SEPTEMBER 6, 2016

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 August 9, 2016 Economic Development Committee Meeting Minutes

5. Report on Ari-Son Data Development Mission to Hermosillo, Sonora

In May, MAG was invited by staff from Sonora's Secretary of the Economy to visit with Mexico's National Institute of Statistics and Geography(INEGI) as well as key economic development and business stakeholders in Hermosillo. The purpose of the visit was to present on MAG's data viewer tools and learn about INEGI's data initiatives. An update on the Ari-Son Megaregion initiative was also provided. On August 17-19, MAG staff was accompanied by representatives from the City of Tucson and Pima County to meet with a number of federal, state and local stakeholders, including INEGI, the Office of the Secretary of Economy in Sonora, the U.S.

3. Information and discussion.

4. Review and approval of the August 9, 2016 Economic Development Committee meeting minutes.

5. Information and discussion.

Consulate in Hermosillo. A mapping tools training seminar with statewide representatives from municipal and state economic development organizations, chambers of commerce and industry associations was also held. In addition, staff from MAG, City of Tucson and Pima County met with the leadership of the Science and Technology Council of Sonora (COECYT) as well as the Director of Economic Development from the City of Hermosillo. MAG staff will provide an update to the EDC on the Ari-Son data mission to Hermosillo and potential activities resulting from the visit.

6. Economic Update and Development of the Sonora, Mexico Region

Governor Pavlovich's Chief of Staff, Natalia Rivera, and Sonora's Secretary of the Economy, Jorge Vidal, will be visiting the Greater Phoenix region. In an effort to continue building a strong partnership between the State of Sonora and local governments in Arizona, Chief of Staff Rivera and Secretary Vidal will provide an update to the EDC on Governor Claudia Pavlovich's significant projects in the State of Sonora, including her focus on job creation, global competitiveness and interest in the overall economic vitality of our shared region.

7. Music and Entertainment as an Economic Development Accelerator

Music is one of the biggest industries in the world. Music exists everywhere in daily activities. People listen to music when driving, studying, or relaxing. Music is an economic development accelerator for many cities across the country. Many cities are highly engaged in developing and executing initiatives that help accelerate the growth of the music and entertainment industry infrastructure by focusing on job creation, talent export, trade development, and industry revenue growth. Shain Shapiro, Founder and Managing Director of Sound Diplomacy, will join the EDC meeting by videoconference from London to discuss music as an economic driver for city downtowns. Sound

6. Information and discussion.

7. Information and discussion.

Diplomacy provides cutting-edge research and market expertise, placing music, music business and night time economy strategies in city and regional development plans. Please see Shain’s TEDx Talks discussion on “Music Makes Cities Better” at the link below.

<https://www.youtube.com/watch?v=ToUa2IH2v0I>

8. Update from the Arizona Commerce Authority

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

8. Information and discussion.

9. Update from the Greater Phoenix Economic Council

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

9. Information and discussion.

10. 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.

10. Information.

11. 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.

11. Information.

Adjournment

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
ECONOMIC DEVELOPMENT COMMITTEE

August 9, 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 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)):

Ruben Alanzo, City of Phoenix  
Eric Anderson, MAG  
Anubhav Bagley, MAG  
Len Becker, Buckeye  
Melissa Bettis, MAG  
Natalia Cuneo, MAG  
Dan Davis, Avondale  
Tom Doyle, El Mirage  
Kathya Hidalgo, City of Phoenix  
Mike Hoover, Surprise  
Milt Laflen, Sister Cities

Alana Langdon, MAG  
Denise McClafferty, MAG  
Jennifer Mellor, GPCC  
Janice Mrkonjic, Phoenix  
Deborah Osteicher, Phoenix  
Marc Paratore, Scottsdale  
Ryan Peters, Chandler  
Michelle Pierson, Phoenix  
Scott Powell, Tempe  
Nathan Pryor, MAG  
Shannon Reed, MAG

Tom Remes, City of Phoenix  
Rachel Smetana, Scottsdale  
Dennis Smith, MAG  
Amy St. Peter, MAG

Kelly Taft, MAG  
Karrin Taylor, AZ Strategies/DMB  
Marc Valenzuela, ASU

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair LeVault at 11:34 a.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Mayor Barney, Mayor Mitchell, Neil Guiliano, Jim Kenny and Floyd Roerich joined the meeting by teleconference.

Mayor Stanton, MAG Regional Council Chair, read and presented Chair LeVault with a Resolution of Appreciation on behalf of the EDC for his service as EDC Chair. The Resolution featured highlights of Chair LeVault's term and thanked him for his service.

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.

4. Approval of the June 7, 2016, Economic Development Committee Meeting Minutes

Chair LeVault asked members of the committee if they had any questions or comments regarding the June 7, 2016, meeting minutes. There were none. Steve Betts moved to approve the June 7, 2016, Economic Development Committee meeting minutes. Councilmember Luna seconded the motion and the motion carried unanimously.

5. Update on the Statewide Tourism and Shopping Initiative

Chair LeVault welcomed representatives from Capitol Strategies, Steven Bloch and Former Congressman Jim Kolbe to update the EDC on the progress of the Statewide Tourism and Shopping Initiative. Congressman Kolbe participated via teleconference.

Mr. Bloch gave the committee an overview of the process and where the initiative currently stands. He explained when the Border Crossing Cards (BCC) first came about, they allowed tourists and business people from Mexico to enter the U.S. through four border states and visit, staying within 25 miles of the border. Mr. Bloch said that during Congressman Kolbe's time in Congress, he expanded the reach of the BCC in the state of Arizona to 75 miles, which extended it to the Pima-Pinal County line. He stated this was accomplished through The Rulemaking Process. Mr. Bloch said that after speaking with Customs and Border Protection (CBP), Capitol Strategies determined the best way to make an additional expansion of the BCC was through another Rulemaking Process. He noted Capitol Strategies felt the best way to start the Process would be for the Arizona Delegation, consisting of Arizona's members of Congress and Senate, to ask the Department of Homeland Security (DHS) and CBP to initiate The Rulemaking Process.

Mr. Bloch said that about a month ago, seven members of the Delegation signed on to two, nearly identical, letters and formally submitted them to DHS and CBP for consideration. He said the seven members represented a bipartisan majority of the Delegation. Mr. Bloch stated DHS could agree and initiate The Rulemaking Process, ignore the letters, comment or ask questions or for time to consider the initiative. Congressman Kolbe reiterated that The Rulemaking Process is the easiest route and noted that it was used by New Mexico last year for an extension of its BCC area. He said that the expansion of the BCC in New Mexico was done with no comment by DHS and at no cost and he hopes there is a smooth process for Arizona.

Mr. Bloch said the team is anticipating a notice of The Rulemaking Process and public comment period. He stated that while the initiative received the support of seven of eleven members of the Delegation, the four non-participating members did not close the door to future support of the effort. Mr. Bloch noted he and Congressman Kolbe remain hopeful that the other members of the Delegation could be convinced to participate in the initiative at a later date.

Chair LeVault said the last time he spoke with Capitol Strategies he asked about the timeline of the Process but recalled they could not guarantee the speed in which government moves. Mr. Bloch responded by saying they hope to learn more about the Process in September after Congress returns from an August recess. He said he knows its on DHS' radar because MAG staff and others have discussed it with officials at the CBP. Mr. Bloch stated he hopes this will be seen as a legacy issue and it will get it done during the Obama Administration's remaining time in office.

Chair LeVault reminded EDC Members that the Committee commissioned the University of Arizona (U of A) to conduct a study of the impact of expanding the BCC border. He said the U of A determined that it would inject just under \$200 million into the state's economy and produce 5,000 new jobs. Chair LeVault said Arizona officials are always looking for ways to improve the economy and mend the state brand.

Mr. Bloch added that all Arizona cities would be beneficiaries of this initiative through state

shared revenue. Mayor Stanton noted there has been some work by members of the committee to raise the profile of this effort locally. He asked if Capitol Strategies had any suggestions for what members of the Committee could do to help advance the cause. Congressman Kolbe answered that it would be helpful if the Committee talked about the positive aspects of the initiative. He noted it would also be helpful to mention the effort around members of the Delegation or their staff members and to thank them for signing the letters, talking to the four members that have not signed on and asking them to get on board with the effort.

Chair LeVault reminded members that when they are out in the community talking about this initiative, the vetting process for a BCC is very thorough and is essentially the same process Americans would go through to get a passport. He continued that the kind of people from Mexico that want to use the BCC are generally middle class Mexicans that want to visit Arizona to spend money. Mr. Bloch stated that in sworn testimony before the House Oversight Committee, senior officials at the Borders and Customs Protection said that BCC's improve security and there has not been a visa overstay problem.

Mayor Kavanaugh wondered if the program is working so well, what reservations Capitol Strategies is hearing from the Delegation. Congressman Kolbe said that this is a sensitive time with regard to the issue of immigration and some members are nervous about signing on to anything that appears to be expanding immigration. Mr. Bloch reiterated that none of the 11 members of the Delegation said no to the effort and at least two of the four that did not participate asked the team to come back to continue the dialogue. He said the team was able to respond to any questions raised, such as with visa overstays. Mr. Bloch said the Capitol Strategies team crunched the numbers and the amount of overstays is just a tiny fraction of a percent and is not an issue.

Mayor Kavanaugh said it is harder to overcome a fear than just disputing facts. Mr. Bloch said education is helpful. He stated when people actually see the data on positive economic impact as well as an increase in security the argument can be won. Steve Betts asked who the four members of the Delegation are so that members of the EDC could have discussions with them about the initiative. Mr. Bloch said the members of the Delegation that have not signed on are Arizona's two senators, and Congressman Gosar and Congressman Schweikert.

Councilmember Luna told the committee he grew up near Arizona's border with Mexico and said if it was not for the Mexicans coming across the border, Douglas would not have survived. He said Mexican visitors make a tremendous impact on the economy and Arizona has a great deal of potential. Mr. Bloch said there was a Financial Times piece that Capitol Strategies distributed to the Delegation in which people south of Gila said that they were able to weather the economic recession because of Mexican tourists coming across the border and spending money in Pima County and Southern Arizona.

MAG Executive Director Dennis Smith said Capitol Strategies is waiting for a response to know where we are with the initiative and assuming the response is positive, the best time to push for this is following Arizona's primary election. Congressman Kolbe said it is safe to say there will not be any movement before the primary vote. Chair LeVault thanked Capitol

Strategies for its work and added he hoped the initiative is passed soon.

6. Local Motors - Vehicles Reinvented

Chair LeVault welcomed Local Motors General Manager Phil Rayer and Public Relations Manager Jacqueline Keidel to the meeting to share the company's progress in developing vehicles and promoting innovation that will shape the future of transportation. Mr. Rayer said Local Motors is a factory in Arizona that distributes locally and uses local resources. He stated that Local Motors is a collaborative company that allows people from around the world to participate in product development. Mr. Rayer said the company uses a method of co-creators to utilize engineering talent worldwide and open innovation that allows others to see the technology being used. He noted one of the company's vehicles, the Ralley Fighter, was developed by a man in South Korea and is now built, developed and sold in Phoenix. Mr. Rayer said Local Motors is trying to disrupt the automotive industry and its goal is to be a sustainable company. He commented that Local Motors would like to be able to produce a car and later recycle the car by rebuilding and redistributing it.

Mr. Rayer said Local Motors is working with Airbus on a co-create project to build drones for use on anything from search and rescue to delivery of goods. Mr. Rayer said committee members may have heard about Google distributing goods with vehicles, but Local Motors is looking at delivering goods with drones. He said the company also worked with a designer from Argentina to solve the last mile problem and came up with the Olli. Mr. Rayer explained that Olli is a 12 passenger bus that is electric, autonomous and small enough to move around inner city streets. He said Olli was built in January and was recently launched outside Washington, D.C.

Mr. Rayer said a typical turnaround time for a traditional vehicle is seven years minimum. He explained that by working with a co-create community, it allows for hundreds of thousands of designers to develop solutions to the world's transportation issues. Mr. Rayer stated there is an average of 481 solutions per challenge. He said Olli's creation was fed off of multiple designers competing against each other for a prize, which is part ownership of the vehicle. Mr. Rayer said that the open-source mentality of co-create is something Local Motors does and offers its solutions to other companies. He noted that the company wants to promote mobility and also wants to help Arizona and give back to the community.

Vice Mayor Sellers said he toured the facility and was impressed with the innovation that comes out of it. He complimented Local Motors for its commitment to solve problems in innovative ways. Mayor Wolcott asked where there is a fleet of the Olli on the road that members of the EDC could view. Mr. Rayer said two models have been built and an additional 11 should be produced by the end of the year. Mayor Lane said Scottsdale has been working with Local Motors and others regarding innovation and technology in transportation and in regard to the last mile. He said there will be a session at the State League Conference, "Moving From the Flintstones to the Jetsons: How Technology is Changing Everything About Transportation, Infrastructure and Funding" that will discuss how emerging technologies, such as autonomous vehicles and electric cars will require a new look at policies for how we plan

and fund our 21<sup>st</sup> Century transportation infrastructure. He said the session should lead to some great dialogue and a new way of thinking.

Mayor Carlat informed the committee that she read the United States is currently eighth in the world for innovation, with South Korea ranked first. She said she is pleased to see this innovation in Arizona. Mayor Carlat asked Local Motors who owns Olli. Mr. Rayer said it is owned by Local Motors, but the company gives shares or prizes to co-creators. Ms. Reidel explained that for Olli, the 24-year old designer was given about \$30,000 for the challenge win and will receive a royalty from each vehicle sold.

Mr. Rayer said that technology is moving at a faster pace than ever before and we will see even more acceleration going forward. Councilmember Sierra asked what Local Motors' reach is in terms of suppliers and vendors and if they are able to keep up with the company's needs. Mr. Rayer answered that the Arizona location works with the company's location in Germany and is working with vendors to create local versions of materials needed.

Councilmember Farrar said he read about the co-creation community and that it is expanding globally. He said it is great for empowering the consumer to be a part of the product development process. Councilmember Luna noted this is an impressive effort and asked if Local Motors works with Arizona State University (ASU) and other local education institutions. Mr. Rayer said there are currently two capstone projects being worked on with six engineers who came from the ASU Chapter of the Society of Automotive Engineers (SAE). He said Local Motors allows the students from ASU to come in and work with the 3D printer. Mr. Rayer noted that ASU is a phenomenal breeding ground and a great place to filter ideas. He said ASU's Sustainability Program has the ability to help Local Motors as a small company get in touch with APS and other larger companies that are on the bleeding edge of this technology.

Mr. Smith asked Mr. Rayer if one of the cities wanted to step up and invest in the company or be a part of the program, would that be a possibility. Mr. Rayer said yes, the company is open to the possibility and is currently in talks with Scottsdale on just how we get that last mile solution in place. He said as an Arizona resident he would like to see the technology used here.

Chair LeVault asked about the cost of the Olli. Mr. Rayer said Local Motors is looking at doing a couple of different things including subscriptions. He commented he wants to change the ownership model but is still working on the strategy. Ms. Reidel said the company is working on a subscription based model. She stated one of Local Motors' strategies is rather than sell vehicles that become dated and lose value, allow customers to bring their Olli back to the company for upgrades that are hardware or software based.

Chair LeVault asked how the company plans to figure out subscription cost. Ms. Reidel said the Olli will be very customizable and cost will vary greatly depending on number of vehicles purchased and different options.

Mayor Wolcott said that she loves the concept of the ongoing subscription and allowing for upgrades in technology as it changes. She noted that the last mile is a huge problem, particularly with a young community like Surprise that is still developing. Mayor Wolcott said she sees the Olli as a tremendous opportunity. She noted Scottsdale has seen the value of using the Olli Trolley for years to move people through its retail markets.

Mayor Price asked Mr. Rayer where the concept for Olli originated. Mr. Rayer said it was first developed in Berlin and was called the Berlino. He explained Berlin struggles with dense population in a small metropolitan area, which is a problem many areas in the world face.

Mr. Smith noted that the Local Motors factory is located in the Gila River Indian Community near Chandler, in Tempe.

Chair LeVault thanked Mr. Rayer and Ms. Keidel for their presentation.

7. Enhancing Regionalism Through the Talent and Expertise on the MAG Economic Development Committee

Chair LeVault welcomed MAG staff members Denise McClafferty and Natalia Cuneo to discuss how the EDC could become a broader network and how to organize the talent that surrounds the table. Ms. McClafferty stated the EDC includes experienced non-elected leaders that can become a broader network of talent for EDC members, local economic development efforts, and the businesses in the region. She noted that in a previous EDC meeting, MAG staff was directed to develop a blueprint of the EDC resources.

Ms. McClafferty said that knowing the right people and whom to connect with can be very valuable when working to retain, attract or expand a business in the region. She said for example, if members need information about workforce, they could turn to the resources around the table including ASU, Maricopa Community Colleges and the JTEDS. Ms. McClafferty said if members need information about freight, the EDC has a representative from the trucking industry, ADOT and others.

Ms. Cuneo explained that non-elected EDC members were placed under five main categories, which include education and workforce development, economic development organizations, research and economic analysis, transportation and logistics and development and construction. She said she would like feedback from members to see if these categories are correct and if the members were placed correctly into those categories. Ms. Cuneo noted that once categories are established, members will need to determine how they would like the information to be shared. She said as the main users of the list, committee members should find it to be as practical as possible.

Ms. Cuneo said the first suggestion is an online graphic on the MAG EDC website and explained how that would be utilized. She said the second idea is to give members group contact lists in Outlook, broken up into the categories mentioned earlier. Ms. Cuneo noted the third idea would be for a printed brochure that would list the talent of the EDC.

Ms. McClafferty explained the online graphic would operate similar to the flywheel currently on MAG's EDC page. She said the first two suggestions mentioned by Ms. Cuneo, the interactive graphic and the Outlook groups are fairly easy to do and would be accessible to members on their phones or computers. Ms. McClafferty noted a printed brochure is more complex and would take more time to develop with the individual EDC member.

Jim Rounds commented that the EDC is the only place in Arizona where elected officials sit at the same table as representatives of economic development organizations and the business sector. He noted that bringing people and organizations together is helpful to the economic discussion that occurs more frequently now than ever before. Mr. Rounds commented that the EDC has played a large role in getting Valley leaders to think of transportation and economic development as going hand in hand. He stated the importance of initiatives that foster collaboration between agencies not only related to transportation, but also to economic development, education, workforce development, and more.

Mr. Smith said he envisions mayors, city managers, and economic development officials having a meeting with a company and using the resources provided by the EDC. He commented that all these experts are around the table and we need to be able to harness them in a meaningful way. Mr. Smith said that starts with developing a directory, but also bringing some of these resources back to the committee so the members can hear their story and get to know their level of expertise. He noted we have to be smarter and go to our own version of co-creation like Local Motors discussed earlier.

Chair LeVault said that so often the success or failure of a deal is about making the right connection at the right time. He said he thinks this is a great project and asked if the graphic would be put online so members can view and become familiar with it. Chair LeVault asked how MAG staff wanted to go forward with this project.

Ms. McClafferty said staff would like the Committee's approval to put up the graphic, send out the Outlook groups and then start looking at creating a directory to see what that might look like and include. She said that next steps will be following up with all non-elected EDC members to confirm the categories they are in and working one-on-one with them to identify further talent within their organizations to start building a directory of expertise. Ms. McClafferty stated this will provide a platform for everybody on the EDC to become more connected.

Mayor Mitchell asked if MAG will be housing this effort and handling all of the logistics. Mr. Smith said MAG would put together the resource directory and then bring some of the resources for Committee members to get familiar with so they feel comfortable including them in meetings with businesses. He said the effort would be voluntary. Mr. Smith said for example, MAG would send out a request to Ms. Creedon at ASU and she would tell us who she is comfortable directing to attend meetings or to the trucking industry to tell us who they think could fit this role. He noted MAG would house the list and keep it current.

Ms. McClafferty said she wants the members to feel comfortable with the categories they are in and would like to get some feedback. Chair LeVault thought the effort was positive, reiterating that the EDC is the only common table where different groups from the state come together to talk about the importance of economic development. He said it is important that the EDC continue to enhance those connections.

8. MAG Region Sister Cities Research Project Report

MAG Staff Alana Langdon said that with recent state, regional and local efforts exploring how to leverage exporting and foreign direct investment to improve our economy, MAG staff undertook this research project to analyze how the Sister Cities platform could contribute to international economic development strategy. She recognized Milt Laflen, President of Arizona Sister Cities, who was present at the meeting.

Ms. Langdon said in the state of Arizona, there are approximately 56 active Sister Cities relationships. She stated that 41 of those relationships are in the MAG region, represented by eight cities. Ms. Langdon noted that historically, Sister Cities have been used to build relationships in the areas of education and cultural exchange. She said some cities have taken it a step further and aligned their Sister Cities programs with economic development and business attraction goals, even housing them inside their economic development department. Ms. Langdon noted the City of Phoenix is a great example of this.

Ms. Langdon said the end goal for this project was not to be prescriptive, but to examine the landscape and come up with some high level recommendations using key factors to provide our member agencies a platform from which to do further analysis and build upon their economic development strategy. She stated having said that, the research for the project sought to better understand several questions about the current ecosystem of our Sister Cities programs and the extent to which they are leveraged for economic development, the level of alignment between sectors of interest and Sister Cities markets and what resources, if any, exist to support international economic development.

Ms. Langdon said that the premise of the project was where the region is versus where it should be. She stated several factors were utilized and taken into consideration to better frame the analysis, with internal factors providing the foundation for the analysis and other external factors providing additional context.

Ms. Langdon said MAG member agencies, with varying levels of engagement with the program, volunteered to participate in this exercise including Mesa, Chandler and Surprise. She worked with the cities' economic development departments to garner a baseline of information and establish parameters for additional analysis. Ms. Langdon stated for each of the cities, Sister Cities and existing and emerging industry sectors were identified, as well as the international footprint by country and sectors represented.

Ms. Langdon said recommendations were identified as member agencies considered the addition of international markets in their overall economic development strategy for the

purpose of Sister Cities relationships or memorandums of understanding (MOU). She stated the recommendations include using the program for international economic development. Ms. Langdon noted with the right alignment and using key assets like MAG, GPEC, Thunderbird and others to help strategically identify key markets and further analyze sectors, our cities can tactically expand upon their presence of international firms, increase jobs and help diversify the local economy.

Chair LeVault asked if the 56 relationships in Arizona included multiple relationships from some of the cities. Ms. Langdon said yes. Chair LeVault asked how many municipalities participate in the program. Mr. Laften came up from the audience to answer Chair LeVault's question. He said there are roughly 60 relationships in Arizona, in about 14 cities.

Mr. Sellers said he was President of Mesa Sister Cities for a couple of years and was impressed with the relationships developed through the program. He said in the last month, Chandler hosted business meetings with visitors from two different areas in China and at the conclusions of those meetings, each of the two cities asked if they could form a Sister Cities relationship with Chandler. Vice Mayor Sellers said the message he got is that countries really want to have a personal relationship if they are going to do business with you.

Ms. Langdon said that Sister Cities programs may take a lot of resources from the community so an alternative opportunity for communities with less resources is to utilize a MOU to engage with other cities in the world. She explained that the utilization of a MOU is becoming more common.

Councilmember Luna thanked Ms. Langdon and Mr. Laflen for their work. He said Mesa has had a Sister Cities relationship with Guaymas for many years and is interested in continuing to cultivate that relationship and build economic development opportunities. Councilmember Mike Farrar asked if there is a model of a small rural town in the state that has a Sister Cities relationship. Mr. Farrar said Carefree has a large Canadian population and recognizes there might be economic benefit to being a part of the program but is looking for a case model.

Mr. Laflen said Fountain Hills is one of the smaller cities that is a part of the program, with four Sister Cities. Mr. Laflen suggested Carefree create two Sister Cities relationships. Mayor Kavanagh said that although Fountain Hills is a small community, what really helps their program be a success is that two of the Honorary Consuls from the countries they have teamed with, Poland and El Salvador, live in Fountain Hills. She suggested that cities utilize the Honorary Consuls because they can be a great resource for making connections. Mayor Kavanagh said Fountain Hills will be getting exchange students from Poland in October and two city officials will accompany them and plan to tour the town and visit with officials.

Ms. Langdon said that Councilmember Luna's comment goes back to a point that there may be some existing Sister Cities that do not lend themselves to economic development, but there may be a neighboring market or city that does. She suggested identifying neighboring cities and including them in an economic development mission.

Mayor Stanton said that Phoenix has ten Sister Cities, some of them more successful than others, with seven of them currently active. He said the program is very community driven and needs to be led by a dedicated group of people willing to put in their time and treasure to make it a success. Mayor Stanton stated there is a lot of private fundraising for the program because the politics of having elected officials traveling internationally with public funds is not popular and has become an issue in the past. Mayor Stanton said the original intent of the program was to promote peace through understanding and cooperation and not for economic development. He said if the program does not move towards economic development, he does not see its survival.

Mayor Lane said that President Eisenhower first set up the program to be people to people, not government to government. He said Scottsdale maintains participation outside city government and participation is privately funded. Mayor Lane said for the economic side, government to government is not always the best avenue. He stated having private businesses work with the program has been where Scottsdale found success on the commerce side in addition to cultural exchange.

9. Update from the Arizona Commerce Authority

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

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

Steve Betts said last fiscal year was a record-breaking year for GPEC in terms of company relocations. He said 43 companies moved into the Valley and brought with them 7,700 jobs, the most ever in a year. Mr. Betts noted that over the summer, GPEC staff has been focused on changing the dialogue and messaging about the state on a national level. He said three articles came out recently including one that talked about why Silicon Valley companies are relocating to Phoenix and the advantages of the Phoenix metro area. Mr. Betts commented another article in Fortune Magazine was about innovation in the automotive sector in the Valley. He said that a third article discussed investment in education and its connection to economic growth and development with a focus on ASU.

Mr. Betts said he would provide MAG staff with links to the articles for distribution to EDC members.

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.

Chair LeVault thanked the Committee for the honor of serving as Chair over the past year.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:05 p.m. The next meeting of the EDC will be on Tuesday, September 6, 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