

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

December 6, 2016

MAG Offices, Saguaro Room
302 North 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor W.J. "Jim" Lane, Scottsdale, Chair
Mayor Greg Stanton, Phoenix, Vice Chair
#Mayor Gail Barney, Queen Creek
Steve Betts, GPEC
Tony Bradley, Arizona Trucking Association
Mayor Cathy Carlat, Peoria
Dr. Joseph Cavinato, Thunderbird
Councilmember Eddie Cook, Gilbert
*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
#Councilmember Randy Keating, Tempe
Jim Kenny, El Dorado Holdings, Inc.
Dr. Randy Kimmens, Maricopa Community
Colleges
Supervisor Kunasek, Maricopa County

#Mayor Michael LeVault
Mayor Georgia Lord, Goodyear
Councilmember David Luna, Mesa
Mayor Jackie Meck, Buckeye
#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
Vice Mayor Jack Sellers, Chandler
Councilmember Lorenzo Sierra, Avondale
Dan Spitz, Achen-Gardner Construction
*Sandra Watson, ACA
*Mayor Jerry Weiers, Glendale
*Mayor Sharon Wolcott, Surprise

* Not present

Participated by video or telephone conference call

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

Eric Anderson, MAG
Anubhav Bagley, MAG
Len Becker, Buckeye
Melissa Bettis, MAG
Billy Bivin, Aerial Sphere
Rob Bohr, City of Goodyear
Blaise Caudill, City of Goodyear
Tony Cani, City of Phoenix
Natalia Cuneo, MAG

Sarah Daily, MAG
Jami Dennis, MAG
Thomas Doyle, City of El Mirage
Leila Gamiz, MAG
Rene Guillen, Gilbert
Fernando Jimenez, USCS
Mike Katic, Aerial Sphere
Michelle Lawne, City of Goodyear
Vladimir Livshits, MAG

Brad Lundahl, Scottsdale
Konrad Marek, JLL/BNSF Railway
Dan Marum, Wilson & Company
Denise McClafferty, MAG
Frank McCune, City of Phoenix
James Orloski, City of Phoenix
Kevin O'Shea, ACA
Deborah Ostreicher, City of Phoenix
Marc Paratore, City of Scottsdale
Jessi Pederson, Glendale
Ryan Peters, Chandler

Michelle Pierson, Phoenix
Scott Powell, Tempe
Nathan Pryor, MAG
William Sheldon, Westmarc
Dennis Smith, MAG
Amy St. Peter, MAG
Tim Strow, MAG
Kelly Taft, MAG
Jim Todd, Aerial Sphere
DJ Vegh, Aerial Sphere
Marge Zylla, Tempe

1. Call to Order

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

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Mayor Barney, Mayor LeVault, Mayor Price, Councilmember Keating and Neil Giuliano joined the meeting by teleconference.

Chair Lane announced that the U.S. Commercial Service will hold an event, Discover Global Markets Advanced Manufacturing, in Scottsdale in February 16-17, 2017, and invited U.S. Commercial Service employee Fernando Jimenez to say a few words to the committee. Mr. Jimenez said the U.S. Commercial Service will host the event with global industry leaders, overseas commercial specialists and various industry experts that will share the latest available international market development information with U.S. producers of products, technology and services. He stated the event will offer three key opportunities including regional and topical panel discussions, one on one meetings with U.S. commercial diplomats from over 20 countries, and business to business matchmaking appointments with companies interested in sourcing U.S. made products, technology and services. Chair Lane thanked Mr. Jimenez for the information.

Chair Lane said that for those using transit to come to the meeting, the RPTA has agreed to provide transit tickets for your trip. He added parking validation was available for the MAG parking facilities for those who parked in the garage. Chair Lane stated public comment cards were available for those members of the public who wish to comment.

3. Call to the Audience

Chair Lane 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 Lane recognized Phoenix resident Dianne Barker for public comment. Ms. Barker said she wanted the committee to be aware of an event, “Meet Me Downtown.” She stated she believes in sustainability and wants our community’s infrastructure to be sustainable. Ms. Barker said she is multimodal and takes busses, light rail and bikes. She stated she believes millennials want a biking city and more movement towards that, and encouraged committee members to get out and participate. Ms. Barker also encouraged committee members to consider adopting the “Meet Me Downtown” program. Chair Lane thanked Ms. Barker for her comments.

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

Chair Lane called upon Ms. Barker to comment on the October 4, 2016, meeting minutes. Ms. Barker said that the minutes state that meeting attendees parked in the garage could get their parking validated, but there is nothing mentioned about validation if you attend the meeting using transit or a bicycle. She said the agenda indicates that you should bring your ticket to the meeting and MAG will provide transit tickets for you, and if you use a bicycle to lock it. Ms. Barker stated she wanted to remind the Vice Chair to comply with sustainability. Chair Lane thanked Ms. Barker for her comments.

No action was taken on this item.

5. Strengthening Arizona’s Economy Through a Workforce Development Network

City of Phoenix Business and Workforce Development Supervisor Rob Stenson provided an overview of the Arizona@Work program. He said Arizona@Work is a public and private partnership with the primary mission of providing innovative workforce solutions to employers and job seekers. Mr. Stenson stated that through this program, the City of Phoenix assists the business community by decreasing turnover, increasing productivity and increasing engagement. He said you cannot separate workforce issues and economic issues. Mr. Stenson discussed the federal program, Workforce Innovation Opportunity Act (WIOA), delivered by Arizona@Work. He said the program provides training, workforce readiness and training grants including \$3,000 to \$4,000 in individual funds to prospective employees. Mr. Stenson said an unemployed person can use the money to increase skills and get certifications.

Mr. Stenson said the main services provided through the Arizona@Work program are talent acquisition, which includes free job postings on azjobconnection.gov, training and development for new and existing employees, access to resources, and access to meeting and

training rooms. He discussed grant programs that give companies access to federal money, including worker training programs, on the job training programs and cohort training. Mr. Stenson stated the program covers 50 percent of the cost of an employee's salary up to \$4,000, with 320 hours of training. He said Arizona@Work can assist companies that need to hire a large amount of people in partnering with a community college or other educational institution to customize a program that creates a trained talent pool for the company. Mr. Stenson noted there are grant programs to help pay the education partner directly for the training.

Mr. Stenson said employee workforce training grants vary from city to city, but the City of Phoenix believes that economic development and workforce development are jointly tied. He said workforce training grants of up to \$50,000 can be given to an organization to upskill employees and prevent layoffs. Mr. Stenson said there are plans to launch a youth program and apprenticeship program focused on construction. He stated there is an effort to assist industries that are just coming back to life and need to attract new employees.

Chair Lane asked if this was a City of Phoenix program and how the program is funded. City of Phoenix Deputy Director of Community and Economic Development Michelle Pierson said the money comes from federal grants and said that the people running the program are partially funded through WIOA, as well as general funds. She stated Phoenix is one of the only municipalities nationally that has its workforce development program funds within its economic development department. She said that gives the department a unique approach with how it works with businesses and individuals who are either underemployed, unemployed or need additional certifications.

Chair Lane said the EDC does a variety of things, including evaluating best practices, and stated that individual cities may want to incorporate some of these programs, possibly through their economic development departments. He asked if these programs are available to the Greater Phoenix area, or if its just specific to Phoenix. Ms. Pierson told the committee that she had visited with City of Scottsdale's Economic Development department officials recently and discussed workforce development programs and partnership possibilities. She said the program crosses the county through a network of workforce providers and a state Workforce Development Council. Chair Lane said he appreciates that type of interaction.

Mr. Betts commented that the state cut job training funds two years ago and since then, Greater Phoenix Economic Council (GPEC) and other organizations have been working to get the funds back. He stated a lot of the state funds were used by employers to attract new employees or expand existing opportunities. Mr. Betts said he was told there is a federal program that could backfill the loss of the state funds. He commented he learned later that it did not cover the loss entirely, because the federal dollars are focused more on the employee side.

Vice Chair Stanton said the federal funds do not backfill state funds. He said through the Arizona Commerce Authority (ACA) and others, the state funds could be used toward company specific programs that cannot be conducted with federal funds. Vice Chair Stanton

said that federal funds can only be used for industry level programs. He stated that Phoenix has done work with the healthcare industry and is tailoring some workforce development programs to fill the general needs of that industry, but it is not company specific. Vice Chair Stanton noted that Phoenix is also looking at cybersecurity as an industry, tailoring workforce programs so they can fill those jobs. He said most Workforce Investment Act (WIA) programs are in the human services field, but Phoenix has chosen as a city to move them into its economic development department. He said the state needs to reinstate its job training funds program.

Chair Lane said he noted when Mr. Stenson talked about on-the-job training that there was \$3,000 available per intern. He asked if that money would be directed toward a certification or if it could be used for any intern program. Mr. Stenson said on the job training could be considered as an apprenticeship light, and the money does not have to go toward a specific certification. Chair Lane asked what the criteria is for the funds. Mr. Stenson used an example of a medical assistant. He explained if a person has just received a medical assistant certification and wants to work for an organization in town, but is lacking the work experience or the knowledge of how to utilize a company's specific custom software, on-the-job training pays the company that is hiring this employee up to \$4,000 to bring them on and provide them with 320 hours or more of on-the-job training. Mr. Stenson said program officials work with the company to identify needs, check in on a biweekly basis to ensure needs are being met, and identify if needs were met as the program ends.

Chair Lane asked if having a degree is part of the criteria to receive on-the-job training funds or if a company like a fast food vendor could also use this program. Mr. Stenson said that level of education is not a qualifier for the program. He stated a program requirement is that the potential employee would not be able to learn a company's process without being on the job. Mr. Stenson said he often hears that a person is hired less for their degree and more for their experience, and this program allows for the experience.

Councilmember Sierra serves on the Business Engagement Task Force and says the program is not just industry specific, but there are demographic issues as well. He said the county put together a workforce center geared specifically toward disadvantaged youth to get them the necessary skills to be successful. Councilmember Sierra noted the City of Phoenix and Maricopa County have taken a very strong lead in the implementation of WIOA, and communities across the nation look to Phoenix as a leader of the program. He said he believes the program is something all of the Valley's economic development leaders should be aware of to increase our region's competitiveness.

Mr. Stenson said Arizona@Work operates in tandem with the Office of Equal Opportunity (OEO), ACA, and GPEC to understand organizational attraction requirements and develop the appropriate programs. He commented that companies potentially moving to the Valley want to know what our workforce looks like. Mr. Stenson said the program provides labor market information and benchmarking, as well as MAG data.

Vice Chair Stanton invited members to check out the Arizona@Work Center on the 6th Floor

of the MAG building. He said when a new company is moving to our market and needs to staff up very quickly, they can use Arizona@Work as their hiring center, free of charge. He said the programs discussed today benefit the region and not just the City of Phoenix. Vice Chair Stanton noted there is both a City of Phoenix and a Maricopa County Board that implement this program, so companies throughout the region and every city can participate. He said one of the best-kept secrets in economic development is that when a company is looking to hire a lot of people or a strategic person, they can go to the Arizona@Work center or the One-Stop Centers to see if there is a person who has submitted a resume that could fill the need.

MAG Executive Director Dennis Smith thanked the City of Phoenix for allowing MAG staff to conduct web viewer training in its computer lab. Chair Lane thanked the City of Phoenix employees for their presentation.

6. High-Level Metrics on the Regional Economy and Unique Regional Economic Drivers

EDC member and President of Rounds Consulting, Inc., Jim Rounds said when he began looking at transportation related issues, he found a strong connection between economic development and transportation, and noted some of the most complex economic analysis he has done has related to transportation. He said he would give a more thorough discussion of this data at the Planners and Economic Development Partnership Exchange (PEPE) meeting later this month.

Mr. Rounds said when he began conducting economic development research a few years ago, he found that taking a deeper look at the data allows a better understand what is happening with the economy and can tell the story of a region more accurately. He said that when comparing a region's economy, it is important to do it between metro areas and identify the metro areas that are comparable. Mr. Rounds stated he gathered a huge breadth of data for the purpose of identifying the competitive metro areas Valley officials should be looking at. He said he looked at economic data from different areas, beginning with the basics like unemployment. Mr. Rounds stated there are 10 major market areas he used to compare our metro area with to find out if we are improving or declining more than other areas. He said the areas were selected based on interviews, data, analysis and a number of other factors.

Mr. Rounds said he would like to see economic development officials with a prospectus on the broader metro area, as well as a prospectus for each of our individual communities. He stated because there are not excesses in the economy, most economists believe our next downturn will look like the downturn of 2001 and not like the great recession of 2007. Mr. Rounds noted that in 2001, the Greater Phoenix area did better than most of its competitors.

Mr. Rounds said there is a lot of focus on an area's overall unemployment number, but he does not believe it tells the whole story. He stated that underemployment numbers are more telling because the unemployment number does not pick up those people that are underemployed because of economic conditions, it only picks up those actively looking for work. Mr. Rounds noted that if you dig deeper into the data, you will find a more appropriate unemployment

number. He said that as of last month, the Valley's underemployment number was 11.5 percent, with the unemployment number at about 5 percent. Mr. Rounds stated that our area is still affected disproportionately by the economic downturn of 2007, but said that Arizona missed out on federal economic programs, subsidies, and housing programs, because the federal government only looked at the unemployment number. Mr. Rounds stated that our underemployment number is one of the worst in the country.

Mr. Rounds said he is interested to find out if Valley communities would like to conduct an in-depth look at some of the data for a broader understanding of the economy, and if this could help officials with planning. He said he thinks it could support economic development and transportation. Mr. Rounds said after the upcoming PEPE meeting, he is interested to hear responses to these questions from economic development officials.

City of Buckeye Economic Development Director Len Becker thanked Mayor Meck for his vision and leadership of the city. Mr. Becker provided the committee with an overview of how his office successfully worked with Cardinal Glass to bring them to Buckeye. He said that Minneapolis, Minnesota-based company Cardinal Glass, an advanced manufacturing company for insulated glass, purchased 67 acres and plans to open a new facility in May 2017. Mr. Becker stated that the company has 37 facilities in the U.S. and employs over 6,000 people. He said Cardinal Glass will become one of the largest employers in the West Valley.

Mr. Becker shared that Buckeye had not landed a major employer since 1992. He said he had to convince Cardinal Glass that Buckeye was the best place to base its operations. Mr. Becker stated that the city worked through water, power and land issues, and with out of state contractors to make the project happen. He noted the project will bring 200 jobs, with a payroll of \$8 million and capital investment of about \$60 million. The direct economic benefit of this project to the city over the next twenty years is approximately \$5.7 million.

Mr. Becker said infrastructure has been a challenge for Buckeye. He stated the project will advance infrastructure development in the city and bring benefits through taxes, employment, and equipment. Mr. Becker said the Cardinal Glass project will diversify the city's tax base, help schools, and serve as the catalyst for additional economic development projects.

City of Mesa Assistant Economic Development Director Jaye O'Donnell said her city is home to about half a million people and is the 38th largest city in the country. She stated Mesa has initiated an open data portal and embraced the use of data. Ms. O'Donnell said Mesa was one of 100 cities selected to participate in the Bloomberg Philanthropies program, which is focused on five key areas including arts, education, environment, public health and government innovation.

Ms. O'Donnell said that Mesa is committed to using data and evidenced based practices to improve the lives of its residents. She stated that residents can easily access data that the city uses to measure its progress towards success. Ms. O'Donnell said the data assists economic development and allows city officials to work toward shared goals. Ms. O'Donnell said the mayor and council's strategic priorities include a sustainable economy, community safety,

placemaking, transformation of neighborhoods, and workforce development. She noted that members of the public can visit the open data portal at open.mesaaz.gov, to see the different areas the city is focusing on.

Ms. O'Donnell gave committee members details on one of Mesa's employment centers, the Fiesta District, that is experiencing a redevelopment renaissance. She said the center is easily accessible from the highway, with access to a labor force of one million people within a 30 minute commute of the site. Ms. O'Donnell noted that within that workforce, 42 percent have an associates degree or higher. She explained the number one thing site selectors look for is access to workforce. Ms. O'Donnell said the area's redevelopment renaissance has brought more than \$490 million of capital investment and 1,500 new jobs in the last year. She also mentioned that the Fiesta Mall would be converting to a corporate campus.

Ms. O'Donnell detailed two new companies that have moved into the district, Santander and National General Insurance. She said that Santander, a consumer finance company, brought almost 1,000 jobs with an average annual salary of \$51,000. Ms. O'Donnell stated that National General Insurance, a leading provider of mortgage and auto lender-placed protection solutions, brought 400 jobs and redeveloped an office building for its 70,000 square foot headquarters.

Ms. O'Donnell said that interest in development is increasing in the area and Mesa is working to ensure the city is in a position to capitalize and maximize opportunities. She stated that the city is creating a new Mesa Redevelopment Area (RDA) and expanding its Central Business District to include the Fiesta District. Ms. O'Donnell said to spur additional development, Mesa is adding two additional RDAs for a total of four within the city.

Ms. O'Donnell mentioned that West Mesa is starting to take off with two new companies, Dexcom and H Mart, moving into the area. She said that Dexcom is a continuous glucose monitoring (CGM) device manufacturing facility and H Mart is an Asian American supermarket chain. Ms. O'Donnell noted that Autoline Industries, a manufacturer and distributor of high-performance aftermarket automotive parts, has moved into downtown Mesa.

Mr. Betts asked if the Valley's property tax was a factor with the Buckeye project. Mr. Rounds said he was unsure of what happened during that particular deal, but said leaders need to be open-minded about utilizing economic development tools to attract investment. He said that in Buckeye's case, although it may seem like an out of the way location, there is still a workforce within a 30-minute commute, which is much shorter than other metro areas. Mr. Rounds said it was another example of using a transportation related data point for an economic development project.

With no further questions, Mayor Lane thanked the Mr. Rounds, Mr. Becker and Ms. O'Donnell for their presentations.

7. Showcasing Regional Assets through Aerial Photography

Chair Lane welcomed the presenters from Aerial Sphere, a Phoenix-based company that offers first-to-market aerial photography with the technology to capture and render maps in virtual reality. He thanked EDC member Mike Farrar for bringing this resource to the committee's attention. Aerial Sphere co-founder Jim Todd noted that over the past 40 years, aerial photography has gone through a lot of change, from film to digital, darkrooms to plotters and airplanes to satellites. Mr. Todd said his company creates aerial and ground imagery for civic, development and real estate communities across the country. He played a short video about the company for the committee, which can be viewed at <https://vimeo.com/144810677>.

Mr. Todd introduced co-founder DJ Vegh to give the committee a live demo of the technology. Mr. Vegh said the company spent 18 months developing new technology to help the public better visualize geospatial information. He explained that Aerial Sphere found a way to capture aerial imagery that allows you to view a photograph in a full 360 degrees. Mr. Vegh said the company can post-process the imagery to determine a latitude and a longitude coordinate for every pixel. He stated the technology enables the viewer to navigate around and search for a particular address or business.

Aerial Sphere product demos can be viewed at the following locations online:

<https://www.aerialsphere.com/spheres/cre-demo/3/>

<https://www.aerialsphere.com/spheres/cre-demo/4/>

<https://www.aerialsphere.com/spheres/cre-demo/>

Mr. Vegh stated information about schools, restaurants, shopping and other points of interest can be added to the view. He noted the company currently has about 1,500 images, covering most of the Phoenix metro area. Mr. Todd said Aerial Sphere has worked on Valley projects including the Phoenix Mesa Gateway development project, Peoria sports complex, the Waste Management Phoenix Open and the Phoenix International Raceway.

Mr. Smith noted that Aerial Sphere developed the camera and worked with Arizona State University (ASU) to develop the software, so this technology is a product of the Phoenix area. Mayor Kavanagh asked what Aerial Sphere's connection is with MAG. Mr. Smith said MAG wanted to get the word out to the economic development departments that this technology is available and can be used as a marketing tool for their city or town to make our area more globally competitive. Mayor Kavanagh asked for clarification that MAG was not connected to Aerial Sphere other than giving the company the introduction to the community. Mr. Smith said that if a municipality wants this aerial imagery for their community, MAG could provide Aerial Sphere with data that can be plugged into the company's platform.

With no further questions, Chair Lane thanked Aerial Sphere for its presentation.

8. Strategies to Improve Arizona's Economy and Global Competitiveness

This agenda item was not heard.

9. Update from the Arizona Commerce Authority (ACA)

ACA's Vice President of International Trade Kevin O'Shea mentioned that Aerial Sphere is in the ACA's ExporTech program and his office is helping them put together a targeted export plan. Mr. O'Shea said that a company Ms. O'Donnell mentioned earlier, Autoline, also went through the program, and will participate in a regional ExporTech program in collaboration with MAG in the first half of 2017.

Mr. O'Shea said it has been an incredible month for Arizona, including the MAG region. He stated that ADP announced that it is bringing 1,500 professional service jobs to Tempe. Mr. O'Shea stated that Raytheon announced it will significantly expand its operation, creating more than 2,000 new technology and manufacturing jobs in Southern Arizona. He noted that Lucid Motors, a company based out of the Bay Area in California, will locate its luxury vehicle manufacturing operation in Casa Grande, creating 2,000 jobs by 2022. Mr. O'Shea said that Orbital ATK announced it will expand its Chandler operation, creating 500 additional high wage jobs. He stated factors that have played a role in the region's success include workforce, real estate availability, business-friendly climate, strategic deployment of incentives, and leadership and collaboration.

Mr. O'Shea said that ACA leadership returned last week from a very successful Arizona Mexico Commission (AMC) summit "Megaregion, a Partnership That Generates Results" in Hermosillo, Mexico co-hosted by the AMC and the Comisión Sonora de Arizona. He noted that EDC member and ACA President, Sandra Watson, served as co-chair of the committee on economic development. Mr. O'Shea said the summit agenda focused on advancements in business development activities in the megaregion in three principle sectors including aerospace, mining and automotive industries.

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

Steve Betts gave the committee a wrap up of 2016 activity. He said that the region saw 39 companies relocate this year, 7,739 new jobs added, an additional \$390 million in payroll and \$1.2 billion in capital expenditure. Mr. Betts stated it was a remarkable year for the Valley with three new corporate headquarter relocations. He invited members to visit GPEC's new interactive, user-friendly website.

11. Request for Future Agenda Items

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

12. Comments from the Committee

Mayor Kavanagh wished everyone a Merry Christmas and Happy Hanukkah.

Mayor Lane said that Agenda Item 8, Strategies to Improve Arizona's Economy and Global Competitiveness, will be heard at a future committee meeting. He also noted that the committee did not vote to approve the minutes, and will vote on them at the next meeting.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:15 p.m. The next meeting of the EDC will be on Tuesday, January 10, 2017, at 11:30 a.m. at the MAG Office, 302 N. First Avenue, Phoenix, Second Floor, Saguaro Room.

Chair

Secretary