

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

August 7, 2018

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

MEMBERS ATTENDING

- *Phoenix: Mayor Greg Stanton, Chair
- Buckeye: Mayor Jackie Meck, Vice Chair
- Achen-Gardner Construction: Dan Spitz
- *ACA: Sandra Watson
- *ADOT: Floyd Roehrich Jr.
- *Arizona State University: Angela Creedon
- Arizona Trucking Association: Tony Bradley
- *Avondale: Councilmember Lorenzo Sierra
- #Carefree: Councilmember Michael Farrar
- Chandler: Vice Mayor Kevin Hartke
- *East Valley Partnership: Mark Dreher
- *El Dorado Holdings, Inc.: Jim Kenny
- *Fountain Hills: Mayor Linda Kavanagh
- #Gilbert: Councilmember Eddie Cook
- Glendale: Councilmember Ray Malnar
- *Greater Phoenix Chamber of Commerce: Todd Sanders
- GPEC: Steve Betts
- *Greater Phoenix Leadership: Neil Giuliano
- #Litchfield Park: Mayor Thomas L. Schoaf
- Maricopa: Mayor Christian Price
- *Maricopa County: Supervisor Bill Gates
- *Maricopa Community Colleges: Dr. Randy Kimmens
- Mesa: Vice Mayor David Luna
- *Peoria: Councilmember Jon Edwards
- Queen Creek: Mayor Gail Barney
- #Rounds Consulting Group: Jim Rounds
- *Scottsdale: Mayor W.J. "Jim" Lane
- Surprise: Councilmember, Roland F. Winters Jr.
- #Tempe: Councilmember Randy Keating
- *Thunderbird: Dr. Joseph Carter
- Tolleson: Vice Mayor Juan Rodriguez
- WESTMARC: Sintra Hoffman
- *West-MEC: Superintendent Greg Donovan
- Youngtown: Mayor Michael LeVault

* Those members not present.

Participated by telephone conference call.

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

Eric Anderson, MAG
Amy Arguilez, City of Gilbert
Frank Beltran, Trade Base Mexico
Laurie Berg Sapp, MAG
Chris Camacho, GPEC
Alan Carey, GBI
Craig Chenery, MAG
Doreen Cott, Town of Queen Creek
Natalia Cuneo, MAG
David Dain, MAG
Miranda Dewitt, City of Mesa
Christine Grundy, Buckeye
Lisa Lantz, Avondale
Marco López, Intermestic Partners
Hank Marshall, City of Phoenix
Susana Martinez, MAG

Denise McClafferty, MAG
Mark Milstone, IMEG Corp.
Mark Pearsall, MAG
Amy St. Peter, MAG
Clark Princell, City of Phoenix
Nathan Pryor, MAG
Tiffany Rivas, Tolleson
Jack Sellers, State Transportation Board
Nancy Smith, City of Maricopa
Kelly Taft, MAG
Jodi Tas, City of Surprise
Marisa Walker, ACA
David Worley, MAG
Marge Zylla, Tempe

1. Call to Order

A quorum of the Economic Development Committee (EDC) was present. The EDC meeting was called to order by Vice Chair Jackie Meck at 11:30 a.m.

2. Pledge of Allegiance

Mayor Gail Barney from Queen Creek led the EDC in reciting the Pledge of Allegiance.

Councilmember Eddie Cook, Councilmember Randy Keating, Jim Kenny, Jim Rounds, Mayor Thomas Schoaf, Councilmember Michael Farrar joined the meeting by teleconference.

Vice Chair Jackie Meck told the committee members that at their places are an Arizona Megaregion Tentative Agenda and the 2018 Regional Commuter Rail System Study Update Placemat.

Mayor Meck also explained that MAG is trying out new catering companies and if anyone knows of a catering company in their region they would like to suggest, they should let a MAG staff know.

Today's catering company is Birt's Bistro from Surprise, AZ. At each person's place is Birt's 20 percent off coupon.

3. Call to the Audience

An opportunity was provided by members of the public to address the EDC on items not on the agenda that are within the jurisdiction of MAG, or on items on the agenda for discussion, but not for action. Citizens were requested not to 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 EDC requests and 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.

Vice Chair Meck asked if there were any blue cards. There was one public comment card from Mr. Alan Carey.

Mr. Carey said that SkyBridge is excellent and can be used by companies in other parts of the world to ship to Mexico. For example, imagine an electronics company shipping from Mexico to Europe. The products would go from Europe to Phoenix, maybe on British Airways, and then they would be bonded to a warehouse in the free trade zone at Phoenix Mesa Gateway Airport, then clear customs at SkyBridge to reach Mexico faster than if the shipment had gone to Mexico City. The same could be happening from Asia. For example, Ali Baba could be approached to create a warehouse at SkyBridge.

Mr. Carey stated he had already received several inquiries from European freight forwarders who are thinking along these same lines. Beyond freight from Arizona to Mexico, SkyBridge could become a hinge for freight from Asia and Europe to Mexico.

4. Approval of the June 5, 2018, Economic Development Committee Meeting Minutes

Vice Chair Meck asked members of the committee if they had any changes or additions regarding the June 5, 2018, meeting minutes. There were none. Vice Chair Meck asked for a motion to accept the June 5, 2018, meeting minutes. Councilmember Kevin Hartke made a motion to approve the June 5, 2018 meeting minutes. Vice Mayor Luna seconded the motion and the motion carried unanimously.

5. Report on SkyBridge and Cross Border Commerce

Mr. Marco López, President of Intermistic Partners, said a special thanks to Mayor Barney from Queen Creek who is on the Board of the Gateway Airport Authority and Vice Mayor Luna from the City of Mesa who has been instrumental in helping shepherd SkyBridge through the East Valley. He stated that SkyBridge represents the most exciting project in Arizona, or possibly the entire Southwest, United States. For the first time in the United States, authorities from two nations are stationed together to process cargo in an expedited fashion. Once everything is operational, the time it takes cargo to reach end-user destinations in the Country of Mexico will be cut from an average of 15 days to an average of three days.

Mr. López stated that the SkyBridge has received environmental clearance on the development of the first two parcels from the Federal Aviation Administration (FAA). Once the FAA Environmental Authorities cleared these parcels, SkyBridge received two letters of intent for development on these parcels. The two letters of intent are currently under review. The additional 350-acre master plan was concluded by SkyBridge personnel and has been submitted to the City and the Authority for processing, approval and reviews. This process is expected to take about nine to ten months. At this point, the project is ahead of schedule, because the first two letters of intent were released and the letters of intent from the developers in the aerospace industry who want to move into the project are now being reviewed.

Mr. López said the SkyBridge brings together in one facility the customs authorities for both Mexico and the United States. He noted that approximately a month ago, the country of Argentina learned about SkyBridge and visited the airfield. Their interest is to co-locate in the existing facility. What this will eventually grow into is additional customs authorities wanting to expedite cargo headed from the west United States into not only Mexico, but also Central America, and South America.

Mr. López stated that SkyBridge has not commenced with heavy marketing of the project as of yet, because many of the regulatory and approval processes are still underway. He noted that through word of mouth, many of the customs authorities in Central and South America are learning about SkyBridge and are starting to ask questions about how they can take part in the expedited processing.

Mr. Steven Betts asked Mr. López to walk through the process for a company that is looking to export/import into Mexico the time and cost savings. He asked what the advantage of using this facility versus Sky Harbor, or trucking produce to the border.

Mr. López stated that a typical product purchased through an e-commerce website or vendor today in Mexico takes about 15 days to receive delivery. The State of Arizona has eight processing centers for approximately six million people. Mexico City has approximately 18 million people and there is one, one million square foot processing facility. He reported that part of the delay is related to the fact that not all products are shelved and stocked in that one facility in Mexico. The other reason is what the industry calls leakage, which means the product is misplaced, stolen, or a variety of other variables that means the product never gets to the buyer.

Mr. López stated that when a product is ordered in Mexico today, it would be cleared in one of three airports in the country. Usually it is the Mexico City Airport, but that product will sit at the warehouse for customs service for about a week and a half or two weeks. After it is cleared, if the duty is not paid on that product then customs will attempt to reach the buyer, who will have to physically go and pay the duty. He noted that if the buyer is not reached, or the buyer does not get there in time to pick up the product, customs would either destroy the product or send it back to the shipper.

Mr. López stated that in order to get a product from Nogales to Hermosillo, that product is first trucked to Phoenix, and then is placed on a plane to Louisville. From there it is sent to Mexico City and is trucked to Hermosillo. He noted that the drive from Nogales to Hermosillo is only three hours.

Mr. López explained that when an order is placed, the product is either taken off the shelf at SkyBridge or it is trucked to SkyBridge and the next day is on the plane to Mexico. He noted that the product is cleared at SkyBridge and then flown directly onto its final destination. These planes leave the Phoenix Mesa Gateway

Airport as a domestic flight. In most cases the product ordered could be in Mexico City the next day or, worst-case scenario, in two days.

Mr. Betts commented that this is really about the consumer and getting the products directly to the consumer faster. Many companies will want to take advantage of this and to expand into Phoenix Mesa Gateway Airport because of this.

Vice Mayor Luna asked Mr. López to elaborate on the import potential that SkyBridge offers Latin America.

Mr. López stated that on the northbound flight it does not make business sense to send cargo to Mexico and then to bring back an empty flight. SkyBridge is in the process of exploring, and now has approval from all of the relevant agencies in Mexico, to bring back to the United States via SkyBridge products, such as electronics, automotive and aerospace products. Mr. Lopez noted that for the first time, they now have approval to bring back live agricultural products. A product harvested in Mexico, whether it is mangos or avocados, can now be refrigerated and air shipped with the clearances of the USDA and the USDA equivalents within the SkyBridge branding. He noted that SkyBridge is currently working with the largest produce market in the hemisphere, which happens to be located in Mexico City. All product that is either grown or caught is currently shipped to Mexico City and bought and sold at the market then sold to the consumer. SkyBridge has designated space within that market and about 40,000 trucks come in and out of that facility every day starting at 4:00 a.m. and all the commodities are sold by 10:00 a.m. Mr. Lopez stated that the project now has space for export potential within that commodity market. The aircrafts could be filled with produce, fish and meat that the consumer in the United States might receive directly and in a fresher state. He noted that from a business standpoint, it is important to get as much use out of those aircraft back into the United States as possible.

There being no further questions, Mayor Meck thanked Mr. Lopez for his report.

6. Report from the Greater Phoenix Economic Council

Mr. Chris Camacho, President and CEO of the Greater Phoenix Economic Council (GPEC) stated that the competitive position of Metro Phoenix is 22 cities in this metro market aligned and working together to strategize to recruit companies

from around the world. In the last two years running 85 new companies have moved their locations and expanded to the Metro Phoenix region.

Mr. Camacho said that Arizona is expected to grow 500,000 jobs over the next eight years. This projection is assuming no national downturns, no major geopolitical events, and a relatively modest growth at the national level. He noted that New York City and many other markets in the northeast continue to be high cost places to do business. There is a national consolidation movement happening where Greater Phoenix is winning in financial services, as seen with State Farm. He noted that there is another major announcement coming soon about an excess of 3,000 new jobs moving to the region.

Mr. Camacho explained that just about every major financial services company, whether it is a bank or an insurance company, faces a national consolidation model along with cost optimization. This means companies are going to create mega business centers across the United States. Fortunately, for Phoenix, Dallas, Austin, Atlanta, and Charlotte, are the markets positioned to win in the next 24 months. The good news for these cities is they are bringing in significant job counts and high wage jobs, because they are business units in new and emerging areas like cyber security, IT, and software. Phoenix is no longer viewed as a market of the 1990s and the early 2000s where the Valley was viewed as a call center, back office market. The Greater Phoenix area is now viewed as a top market in the United States for the most advanced operational units. That is a marked change of behavior from ten years ago.

Mr. Camacho then spoke on the attraction side. He stated that he expects the market to be one of the leading regions across the United States for job growth. At the same time, the region's brand is maturing. Mr. Camacho acknowledged the region's mayors and supervisors, as well as Governor Ducey and the legislature who have been able to change the narrative and brand in Arizona. Arizona was ground zero several years ago for the immigration debate, and with much of that in the past, now the conversations are about Arizona State University's (ASUs) organized position and the community colleges with their advanced, nimble training system, and a strong labor force.

Mr. Camacho said that talking to major corporations globally, the Chief Human Resource Officers (CHRO's) are now in every conversation. No longer is it about low cost and low tax, it is all about modern infrastructure and people. He noted that as cities and as a region, Arizona is doing a great job of fulfilling the modern

infrastructure. This is not without its challenges as the State is projecting adding another two million people over the next two decades. Arizona has major transportation challenges ahead and needs to make certain the arterials running east and west, as well as north and south, have the funding to continue growing.

Mr. Camacho commented on the national work of Economic Innovation Group and Brookings Institution out of D.C. He explained the national phenomenon of urban areas getting richer, while rural areas are getting poorer. There is also an urban to urban inequity that will need to be addressed as well. Every leading market in the United States is working on this issue. He explained urban inequity, which are the pockets and sub-pockets of the region that are winning many of the higher wage projects. This inequity is happening in Chicago, Seattle, New York, and Boston. The focus needs to be on how to build this modern infrastructure strategy in all parts of the Valley. He stated that the goal is to have balance across the east, central, west. Much of the growth in this region is going to grow northwest and southeast because of the privately deeded land. So communities like Queen Creek and Maricopa are building that infrastructure now and they are going to have tremendous population growth and job growth over future years. He noted that it would be the same with Northwest Valley and West Valley where there is a tremendous potential with an expected 1.2 million additional people over the next decade and a half. Mr. Camacho commented that it is easy to take this growth for granted. He noted that there is a need for a long-term plan for the State as it relates to modern infrastructure investment and investments in innovation institutes. The State has Proposition 301 that will be retooled by the Legislature in the next three years and this is critical to the State's ability to innovate and to create new intellectual property and ultimately new companies.

Mr. Camacho stated that in addition, Mr. Anderson and many others at MAG are working on the Proposition 500 effort that is underway. He emphasizes the importance of transportation to productivity in the entire Valley, and to the entire State. The State used to compete with the message that Arizona is cheaper than California. This message does not sell anymore. Mexico is cheaper than California. Nevada and Utah are cheaper than Arizona. What the state of Arizona needs to compete on is its market value, such as modern infrastructure, talent delivery systems and a forward thinking mind-set to our operating environment. Arizona can no longer go into a conversation with these major corporations and not address education and transportation. It comes up 100 percent of the time. The region is winning many projects and is competing heavily in places it was not

competing with before. He noted that when the Greater Phoenix area goes head-to-head with Austin, Texas, this region is winning 75 percent of the time.

Mr. Camacho remarked that the one thing setting this region apart is that Arizona cities work together. Organizations like MAG and GPEC mold the cities together, large and small, urban and more rural and urban and more peripheral markets. Arizona has its cities growing in the same direction and working together. That is a unique trait.

Mr. Camacho said that economic development is changing. It is no longer just about selling; it is about how to advise companies in a consultative way on the market opportunities. He noted that regardless of whom the conversation is with, it goes back to the fact that political certainty matters, stability matters, investment in the core infrastructure matters, and Arizona is so close to being great. Mr. Camacho stated that Arizona is in a good position and if it is willing to create a 20-year vision on transportation, modern infrastructure, innovation, and workforce, the State in 20 years will be as dynamic from an innovation perspective as Austin and Seattle. Arizona will still carry this pro-business position like Texas and will be unstoppable. This region cannot take it for granted that people are going to continue to move here. The State needs to continue to support growth and policies that do not prevent it.

Mayor Meck asked if there were questions or comments. There being none, Mayor Meck thanked Mr. Camacho for his presentation and work.

7. Ari-Son Megaregion Meeting at the League of Cities and Towns Conference

Vice Mayor Luna said that in the Ari-Son packet is information on the 2018 Arizona Sonora Megaregion meeting at the Phoenician. This meeting brings the Arizona and Sonora elected officials together to talk about how they can work cooperatively. This relationship across the border has been beneficial and the conversations have been wonderful.

Vice Mayor Luna commented about the transition between the political structures in Mexico. It is now the political party called MORENA, which is the national regeneration movement. They have a new president in Mexico so there are going to be some changes. The MORENA party is the new dominant party in Mexico. He noted that Mexico continues to be Arizona's first trading partner and there is a

desire to continue that relationship and the wonderful conversations with Arizona's counterparts in the state of Sonora.

Vice Mayor Luna invited committee members to attend the conference where some of the topics to be covered are economic development, tourism, education, and efficient trade and transportation. The meeting is on August 21, 2018, from 7:30 a.m. to 1:15 p.m. with a continental breakfast and an opportunity for networking followed by interesting topics of value to the region.

Vice Chair Meck thanked Vice Mayor Luna for his comments. There were no questions or comments from the committee.

8. MAG Regional Commuter Rail system Study Update

Mr. Marc Pearsall stated that the commuter rail system study is about a year and a half old and MAG is going through the final draft of the project and hopes to have it published in September. Mr. Pearsall showed a map that provided an overview of the study. He noted that MAG analyzed four existing freight railroad lines throughout the MAG region, based upon a previous study back in 2008 through 2010 the original regional commuter rail system study.

Mr. Pearsall commented that MAG, over the last year and a half, has looked at the possible mode of commuter rail and its possible inclusion in the Proposition 500, the extension of Proposition 400. He noted that some of the components MAG looked at were socioeconomic forecasts, revised passenger ridership, capital and operating cost estimates, and corridor rankings. In the MAG 2010 study, the recommendation was corridors that were easiest to implement first, regardless of whether or not they scored the highest when it came to cost effectiveness or ridership. He stated that MAG looked at those corridors again and included relevant information from other passenger rail studies.

Mr. Pearsall said that ADOT, over the last six and half to seven years, worked on the passenger rail study between Phoenix and Tucson. This included looking at higher speed rail service from south Tucson International Airport all the way up through Phoenix to Surprise and Buckeye. The components of that study have been included in MAG's study. He noted that MAG incorporated into this study the most accurate numbers for construction, operation and industry standards for commuter rail. The most important parts of this endeavor were governance, indemnity and liability.

Mr. Pearsall stated that the question most received from the 2017 study is who was going to run and operate this system. He noted that would remain up to the policymakers, but MAG tabulated the variety of governances from peer regions throughout the west, such as Seattle, Dallas, Denver, Portland and Los Angeles, and incorporated them into a spreadsheet.

Mr. Pearsall stated that the second part of the equation is indemnity and liability. He noted the difficulty when operating government passenger railroads is that it is necessary to work on the terms of private freight lines. They have asked MAG to look into state law for some of the indemnification and liability issues that might need to be addressed at a legislative and Arizona Revised Statutes level. Mr. Pearsall noted that recent word from the freight railroad lines is they would like to be indemnified at the same rate as state government, which is \$2 million per incident. Mr. Pearsall gave an example of a recent incident in California. He explained there was a commuter rail accident involving passengers who perished. The freight railroad was not at fault, but they were the ones sued because they have the deeper pockets. He stated that those same freight railroads, Union Pacific and BNSF Railway, have stated they would like to continue operating their freight railroads in the spirit of economic growth, but whenever an incident happens, they are tied up in court for years.

Mr. Pearsall explained that for this regional application, commuter rail is effectively an express bus on steel wheels. It is similar to the express or rapid buses, but it is using existing, under-utilized freight rail lines throughout the Valley. He noted the Grand Avenue Line has approximately eight to ten freight trains per day. The Union Pacific main line from Phoenix to San Tan Valley probably runs six to seven trains a day. The line to Buckeye runs about three trains per day. There is always commentary about how there are no freight trains and is it possible to operate passenger trains on those tracks. Mr. Pearsall stated that it is possible, but involves making a deal with the rail lines and getting local or regional funding. Existing rail lines would be shared with the freight rail services. He noted that the cost per mile is lower because the right-of-way is already there. It would mean upgrading the existing track or potentially putting in a secondary track for directional running. There would be a higher speed for commuter rail at about 79 miles per hour, with an average speed of 43 miles per hour. He also noted that the stations are spaced further apart to allow the trains to get further, faster.

Mr. Pearsall pointed out a chart MAG developed with the help of the Federal Transit, Federal Rail Road Administration and ADOT showing the types of high capacity transit. There is the urbanized transit, light rail, elevated light rail, monorail, heavy rail (subway), or elevated heavy rail. The suburban modes are commuter rail, higher speed rail (approximately 110 mph). He noted that high-speed rail is what ADOT was advocating between Phoenix and Tucson. Then there is high-speed rail with speeds of upward of 120 to 300 miles hour, and then Maglev that is used internationally as well.

Mr. Pearsall showed the map of the existing commuter rail systems throughout the country. He also showed photos of various locomotive coaches, including a bi-level and a diesel multi-unit (DMU). DMUs are commuter rail vehicles that are compliant to run with freight trains, but they have a light rail ascetic, are quieter and have a quicker acceleration and deceleration rate. Mr. Pearsall noted that DMUs were used in the MAG model as a potential mode that policymakers might consider.

Mr. Pearsall stated that traditionally, commuter rail is not prone to driving economic development like light rail, subway or metros; however, this region is a bit different, and has grown over 140 to 150 years with many of the communities having developed along the freight lines. He noted that there are interesting locations where 18 of the region's community centers are located along rail lines. Higher speed access could provide a link these communities, various housing opportunities, entertainment and cultural centers. He noted that many of these stations are in brown or green fields and are not aesthetically pleasing industrial areas but could be made more appealing for those who live and work near them.

Mr. Pearsall said that using existing transportation networks and underutilized corridors could be taken advantage of every day for commuters to travel at higher speeds across the Valley. These are areas where light rail cannot be built, because of the guidelines from the Federal Railroad Administration. He also noted that highways cannot be built because the area is needed for trains.

Mr. Pearsall provided the committee an example of ridership and costs. He stated that weekday commuter rail ridership, based on the MAG December 2017 model run, would be 21,000, and extend 110 to 115 miles depending on how far into the Southeast Valley it goes. He noted a cost of \$24 million a mile with a total system capital cost in today's dollars of \$2.6 billion. Annual operations and maintenance about \$41 million, which is about \$10 million per corridor.

Mr. Pearsall stated that the farebox recovery is based on a \$3 one-way fare. That is slightly lower than the express and rapid bus fare, which is \$3.50. MAG tried to match the system farebox recovery for commuter rail as closely as possible and align it with the existing express and rapid bus line recovery. He noted that there is a 46 percent farebox recovery on commuter rail, which is good compared to other peer regions. That means the subsidy out of the sales tax is a little lower for commuter rail than it is for other modes.

Mayor Price asked if Mr. Pearsall could give examples of the farebox recovery compared to the peer groups and give some examples of what that looks like. He stated that taxpayer's argument against commuter rail is that it does not pay for itself. Mr. Pearsall stated that is a common question for all modes of transit, including commuter rail. Currently, the cities are paying the operating costs for light rail. He noted that they are looking at a farebox recovery for light rail anywhere from 20-30 percent. When looking at peer regions they are in the 30-40 percent range for farebox recovery for commuter rail, which means the operating costs are a little lower. Mr. Pearsall stated that it comes down to community values.

Mr. Pearsall said there will be periodic updates to the model, coordination with railroads, and then MAG will bring the freight lines in to discuss each item with the individual communities that might be affected. Mr. Pearsall stated that commuter rail is a smaller part of a much larger endeavor called the Regional Transit Framework Study Update, which looks at all the high capacity corridors that might be considered for a potential Proposition 500. He reported that within the next six months, MAG will rollout those results. He also noted that there will be constant coordination with MAG's peer members, along with identifying funding commitments.

Councilmember Roland Winters stated that Glendale voted not to move forward with the light rail. He asked where the next extension of the light rail is planned.

Mr. Eric Anderson stated that the next light rail line is the South Central line from Downtown Phoenix down Central Avenue to Baseline Road. He noted that there could be a short extension over to the Capital. Mr. Anderson said that without the Glendale extension Valley Metro is studying where that line might go.

Councilmember Roland Winters stated that commuter rail is a great way for those in Surprise to get to Phoenix, besides using the buses. Of course, there is a need to get the grade change so roads are the same grade as the tracks. He noted the Bell Road Bridge was a good start, but there are many other grade crossings that have to be accomplished first before thinking about commuter rail to Phoenix.

Mr. Pearsall stated that MAG believes this can be worked on concurrently. When it comes to operating an agreement with the commuter rail system, it is possible to operate passenger rail and freight rail on many of those existing grade crossings. The previous work with the Compass Study, which was the Grand Avenue Improvement package, could be included in an extension Proposition 400. Within that document, \$1 billion or \$2 billion dollars was laid out for real world improvements to Grand Avenue to effectively make it a better facility and then to put the commuter rail into a more isolated and aesthetically pleasing corridor. That would be \$2 billion of roadway improvements from Downtown Phoenix all the way to Loop 303 and beyond into Whitman.

Mayor Meck asked what Union Pacific and BNSF's position is on commuter rail.

Mr. Pearsall said that Union Pacific, in contrast to BNSF, is not as open to the concept. He noted that getting them to the table to discuss the concept of a commuter rail has been an evolution, but they are open to the idea of what is being presented. They realize they are an underutilized corridor and are only running a few freight trains. He noted that if this is an effort the taxpayers decide to take, then capital improvements will be made to the freight lines network. The freight lines realize that the region is getting what they need while they are able to serve their customers better and to operate freight trains more efficiently. If Union Pacific is willing to go the same route as BSNF, and as long as their customers are held harmless, it is not a big hurdle. It is more of an indemnity and liability issues that concerns Union Pacific. If commuter rail becomes a real option, MAG believes Union Pacific will come to the table with an open mind.

9. Update from the Arizona Commerce Authority

Ms. Marisa Walker stated the Arizona Commerce Authority (ACA) has had a busy year with 87 projects and nearly 26,000 jobs, and \$3.8 million capital expenditures due to the great partnership that Mr. Camacho spoke of in his remarks. That strong drive in business and financial development is being seen in the ACA secured projects, 40 percent of those projects fall into that space, followed by IT and

software at 18 percent and manufacturing at 14 percent. There are 184 projects in the queue and if these projects materialize, they will promise over 40,000 jobs and \$14 million in capital expenditures.

Ms. Walker stated that ACA released an Arizona Asset Map as part of their effort to provide key tools for expansion and relocation projects. It offers 27 easily searchable categories such as infrastructure, land ownership, and community profiles.

Ms. Walker said that the Attorney General launched the first Fintech (Finance Technology) Sandbox in Arizona, which will be helpful in continuing to get this region on the map nationally in regards for being a test bed for entrepreneurs who want to do innovative projects and services in a financial space.

Ms. Walker stated that the State went through a process of designating opportunity zones and ACA will be hosting an event in late September. ACA will bring in external advisors and experts to explain how to best optimize those locations for future development and growth. This event is open to everyone. She noted that ACA would provide additional information to MAG staff to distribute to the committee as soon as it is available.

Mr. Steven Betts stated that this opportunity zone legislation is part of the Federal Tax Act. It is perhaps the most powerful piece of that Federal Legislation that could be a game changer for many communities in Arizona. It allows individuals from around the country who have stranded capital gains in real estate, stocks and companies. They have the opportunity now to move those gains into these opportunity zones and have the potential not just to defer, but also to be able to eliminate some of those capital gain impacts.

10. Update from the Greater Phoenix Economic Council

Mr. Steven Betts said this is the third year in a row where the Greater Phoenix Economic Council (GPEC) has blown away the goals that were set for GPEC, regardless of how high the hurdles were set. Mr. Camacho and his team are proud that they eclipsed by 40 percent the payroll goal. It was not just the number of jobs produced this year, but also the level of pay these jobs produced this year. Arizona has gotten to that tipping point in its economic model and has recreated itself and the region with the jobs that are at much higher payroll levels. Forty-two companies, bringing 8,606 phase-one jobs and \$1.18 billion in capital investments.

11. Request for Future Agenda Items

Mayor Meck asked if there were any requests for future agenda items.

Mayor Meck stated he has one future agenda item regarding the Growth Management Plan at Luke Air Force Base. A grant from the Office of Economic Adjustment within the U.S. Department of Defense to support the growth at Luke Air Force Base and the surrounding communities was awarded to MAG to act as the project manager and work closely with Luke Air Force Base and the surrounding communities. The planning grant supports the development of a Targeted Growth Management Plan. It would be great to have this item on a future EDC agenda and to get the EDC's input. MAG has currently scheduled this for the October 2, 2018, meeting and will have a representative from Luke Air Force Base to present.

12. Comments from the Committee

Councilmember Roland Winters stated this is his last meeting with the Economic Development Committee and he thanked the committee for the long-lasting friendships he has had here on this committee.

There were no other comments from the committee. Mayor Christian Price made a motion to adjourn the meeting. Mayor David Luna seconded the motion, and the motion carried unanimously.

There being no further business, the Economic Development Committee meeting was adjourned at 12:44 p.m. The next meeting of the EDC will be on Tuesday, September 4, 2018, at the MAG offices.

Chair

Secretary