



302 North 1st Avenue, Suite 300 ▲ Phoenix, Arizona 85003
Phone (602) 254-6300 ▲ FAX (602) 254-6490
E-mail: mag@azmag.gov ▲ Web site: www.azmag.gov

March 26, 2019

TO: Members of the MAG Economic Development Committee

FROM: Mayor Jackie Meck, City of Buckeye, Chair

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

Tuesday, April 2, 2019 - 11:30 a.m.
MAG Office, Suite 200 -Saguaro Room
302 North 1st 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. 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 based on 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 Gigi Connolly 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 Amy St. Peter, MAG Deputy Executive Director, or Denise McClafferty, Regional Economic Development Program Manager, at (602) 254-6300.

**MAG ECONOMIC DEVELOPMENT COMMITTEE
TENTATIVE AGENDA
APRIL 2, 2019**

COMMITTEE ACTION REQUESTED

<p>1. <u>Call to Order</u></p> <p>The meeting of the MAG Economic Development Committee (EDC) will be called to order.</p>	
<p>2. <u>Pledge of Allegiance</u></p>	
<p>3. <u>Call to the Audience</u></p> <p>An opportunity will be provided to members of the public to address the EDC on items not scheduled on the agenda <u>THAT FALL UNDER THE JURISDICTION OF MAG</u>, 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 EDC 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.</p>	<p>3. Information and discussion.</p>
<p>4. <u>Approval of the February 5, 2019, Economic Development Committee Meeting Minutes</u></p>	<p>4. Review and approval of the February 5, 2019, Economic Development Committee meeting minutes.</p>
<p>5. <u>Report on the Institute of Automated Mobility</u></p> <p>Sandra Watson, President and CEO of the Arizona Commerce Authority; Sethuraman Panchanathan "Panch", Executive Vice</p>	<p>5. Information and discussion.</p>

President of the ASU Knowledge Enterprise and Jill Sciarappo, Strategic Marketing Director, Autonomous Driving, Intel Corporation will provide the Committee with an overview of the Institute of Automated Mobility (IAM) and its activities. The U.S. Department of Transportation states that automation offers the potential to improve safety; and companies are expected to spend \$61 billion in R&D and capital investments on autonomous vehicles by 2023. The State of Arizona recognizes opportunity for innovation. In 2015, Governor Ducey issued an executive order supporting automated vehicle technology, establishing consistent regulatory and operational environment in Arizona. Later in 2018, the Governor issued a new executive order creating the IAM under the Arizona Commerce Authority. The IAM is a consortium of private sector companies, public officials and university research faculty that collaborate on state-of-the-art research and testing in Arizona. IAM is a global hub for connected and automated vehicle testing and research, and it supports university and industry collaboration around R&D, safety standards, training and more.

6. Improving Efficiency of State and Local Government

Robert Woods from the Arizona Department of Administration (ADOA) Government Transformation Office will provide an overview of the Arizona Management System, and Christopher D.

6. Information and discussion.

Baker, Development Services Director from the City of Goodyear will discuss how the City is developing Lean initiatives at a local level. Arizona is changing the way it thinks and operates. The State has deployed the Arizona Management System, a results-driven management system that focuses on customer value and vital mission outcomes for citizens. The system is based on principles of Lean, a proven people-centered approach that has delivered effective results in both public and private sectors. Lean focuses on customer value, continuous improvement and engaged employees to improve productivity, quality and service.

7. Transportation Public Values Survey

MAG staff will discuss how EDC members can help promote the Transportation Public Values Survey. As part of an effort to update the long-range transportation plan, MAG is facilitating a survey through April 5, 2019. This survey asks people about what they value most and allows individuals to give input on transportation priorities in the region. The results will help inform the associated planning for the extension of Proposition 400, the half-cent sales tax to expand, improve and optimize the region’s transportation infrastructure. To take or share the survey, please go to: <http://azmag.gov/values>.

8. Report on the Regional Economic Mission to Mexico City

Vice Mayor Luna will provide the Committee an update on the delegation’s

7. Information and discussion.

8. Information and discussion.

mission to Mexico City. One of the focuses through the MAG Economic Development Committee (EDC) has been to build relationships with pertinent regions in Mexico and collaborate with others to drive interest and commitment in the Arizona-Mexico megaregion. On February 20-22, 2019, a delegation of 22 elected officials and economic development professionals visited Mexico City. The program consisted of meetings with elected officials and business leaders, as well as discussions on doing business across borders and manufacturing in Mexico City.

9. Request for Future Agenda Items

Topics or issues of interest that the EDC would like to have considered for discussion at a future meeting will be requested.

10. Comments from the Committee

An opportunity will be provided for the 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.

Adjournment

9. Information.

10. Information

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

February 5, 2019

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

MEMBERS ATTENDING

#Buckeye: Mayor Jackie Meck, Chair

#Queen Creek: Mayor Gail Barney,
Vice Chair

*Achen-Gardner Construction: Dan
Spitza

Apache Junction: Councilmember
Robin Barker

#Arizona Christian University:

Mark Benedeto

Arizona Commerce Authority:

Marisa Walker

ADOT: Floyd Roehrich Jr.

Arizona State University: Angela
Creedon

* Arizona Trucking Association:

Tony Bradley

Avondale: Councilmember

Mike Pineda

Career Technical Education District:

Superintendent Greg Donovan

Chandler: Vice Mayor Terry Roe

East Valley Partnership: Jack Sellers

El Dorado Holdings, Inc.: Jim Kenny

*Gila River Indian Community:

Governor Lewis

*Gilbert: Councilmember Eddie Cook

Glendale: Councilmember Ray Malnar

*Greater Phoenix Chamber of

Commerce: Todd Sanders

Greater Phoenix Economic Council:

Steve Betts

Greater Phoenix Leadership: Neil

Giuliano

#Litchfield Park: Mayor Thomas L.

Schoaf

#Maricopa: Councilmember Nancy

Smith

*Maricopa Community Colleges:

Dr. Randy Kimmens

Mesa: Vice Mayor David Luna

#Peoria: Councilmember Jon Edwards

*Phoenix: Mayor Thelda Williams

Rounds Consulting Group Inc.:

Jim Rounds

Scottsdale: Councilmember

Virginia Korte

#Tempe: Councilmember Randy Keating

*Tolleson: Vice Mayor Juan Rodriguez

WESTMARC: Sintra Hoffman

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, Town of Gilbert
Anubhav Bagley, MAG
Laurie Berg Sapp, MAG
Leib Bolel, Arizona Israel
Technology Alliance
Josie Bresnahan, City of Phoenix
Natalia Cuneo, MAG
Dan Davis, City of Avondale
Jami Dennis, MAG
George Diaz, City of Buckeye
Mayor Alexis Hermosillo, El Mirage
Claudia Franco Hiluelos,
Consul General of Mexico
Ian Linssen, City of Mesa
Austin Kies, MAG
Kathy Kim, Airobotics
Gail Lewis, City of Phoenix
Vladimir Livshits, MAG

Hank Marshall, City of Phoenix
Susana Martinez, MAG
Dan Marum, Wilson & Company
Denise McClafferty, MAG
Marcy McMacken, MAG
Dawn Nagle, University of AZ
Joel Ostos, Consulate Council of Mexico
Maria Pina, MAG
Isaias Garcia Romero, City of Mesa
Amy St. Peter, MAG
Clark Princell, City of Phoenix
Nathan Pryor, MAG
Janine Solley, City of Apache Junction
Kelly Taft, MAG
Josh Utterback, City of Scottsdale
Amber Wakeman, El Mirage
David Worsley, MAG
Marge Zylla, City of Tempe

1. Call to Order

A quorum of the Economic Development Committee (EDC) was present. The EDC meeting was called to order by Acting Chair LeVault at 11:32 a.m.

2. Pledge of Allegiance

Acting Chair LeVault led the EDC in reciting the Pledge of Allegiance.

Mark Benedetto, Mayor Barney, Councilmember Jon Edwards, Jim Kenny, Councilmember Randy Keating, Councilmember Mike Pineda, Mayor Meck, Mayor Schoaf, and Councilmember Nancy Smith, joined the meeting by teleconference.

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 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.

Acting Chair LeVault welcomed our newest committee member Vice Mayor Terry Roe.

Acting Chair LeValut also welcomed Consul Claudia Franco, from the Consulate of Mexico in Phoenix, Arizona, who joined the meeting to discuss the Mexico City Trade Mission. He announced that at each member's place is a flier regarding the Mexico City Trade Delegation Mission on February 20-22, 2019. Please ask MAG staff if you have any questions.

Acting Chair LeVault stated that at each member's place is a save the date for the Arizona Trade and Foreign Direct Investment (FDI) Mission to Calgary, Canada, which is scheduled for May 28-31, 2019. Please see MAG staff for questions.

Acting Chair LeVault stated that at each member's place is a flier that was sent out to committee members last week from Achieve60AZ regarding the State of Attainment Report Convening.

Acting Chair LeVault stated that in accordance with Arizona State Statue, he will be taking roll call for those EDC members participating by teleconference on any agenda items requiring action.

Acting Chair LeValut asked if there were any blue cards submitted. There were none.

4. Approval of the January 8, 2019, Economic Development Committee Meeting Minutes

Acting Chair LeVault asked members of the committee if they had any changes or additions regarding the January 8, 2019, meeting minutes. There were none.

Acting Chair LeVault asked for a motion to approve the January 8, 2019, meeting minutes. Councilmember Robin Barker made a motion to approve the January 8, 2019, meeting minutes. Councilmember Virginia Korte seconded the motion.

Acting Chair LeVault took a roll call vote of members teleconferencing in: Mark Benedetto, Mayor Barney, Councilmember Jon Edwards, Jim Kenny, Councilmember Randy Keating, Councilmember Mike Pineda, Mayor Meck, Mayor Schoaf, and Councilmember Nancy Smith. The motion carried unanimously.

5. Scottsdale Welcomes Israel Drone Firm

Councilmember Virginia Korte stated that Airobotics is an Israeli drone manufacturer that develops automated, pilotless industrial drones for surveillance, surveying and mapping mines, and for security applications. Airobotics recently chose Scottsdale for their North American Headquarters. They expect to have 80 employees on board over the next year. Airobotics is an innovative company focused on expanding the boundaries of new technologies and putting them to work. With state and local government support of autonomous and aviation technology they could not have picked a better place for operations.

Councilmember Korte stated that Mr. Leib Bolel from the Arizona Israel Technology Alliance will provide an update on Israeli technology companies expanding into the United States.

Mr. Leib Bolel with the Arizona Israel Technology Alliance stated that Israel is a relatively small country taking six hours to drive north to south and about an hour and half to drive east to west. Israel is difficult to find on the map, because it is equivalent in size to the state of New Jersey. Israel's population is similar to Arizona at about 8.2 million people. With its small geographic size, Israel is able to boast some impressive numbers. Israel is rated number two on the World Economic Forum on the Innovation Index. Israel has over 300 multinational corporations and research development centers, all within a two-hour drive of each other. Israel is first in venture capital investments as a ratio of gross domestic product (GDP) in the world. There are over 600 net new startups each year founded or venture backed each year in Israel. Israel is first in the world in research and development investments as a ration of GDP.

Mr. Bolel stated that some examples of multinational research and development, and innovation centers in Israel include IBM, Microsoft and Google. There was a proactive decision to host innovate centers in Israel. In 2018, there was \$6.24 billion in venture capital invested in Israeli startups. There was \$21.6 billion in mergers and acquisitions, which is a 77 percent increase over 2017, excluding acquisition of Mobileye by Intel. The largest acquisition took place a couple of years ago with

Mobileye, which was acquired by Intel at \$15.3 billion. Mobileye has two U.S. locations, one in New York and one in Chandler, Arizona.

Mr. Bolel stated they worked with Mr. Anubhav Bagley's team at MAG on compiling data in regards to Foreign Direct Investments (FDIs) in market concentration in Arizona and Israel. Currently there are 17 Israeli employers in Arizona, and in 2017, there were only 12. He stated that Arizona is a great place to do business, but Israelis have not known about Arizona. All they have known about are the traditional locations of Boston, New York and California. Arizona Israel Technology Alliance has recently opened an office in Israel to continue educational efforts of why Israelis should do business in Arizona.

Mr. Bolel stated that since 2010 Israel's imports/exports have more than doubled. He noted that seventy-two percent of Arizona jobs provided by Israel based companies are in aerospace and advanced business services. Fifty-five percent of jobs are currently in aerospace. Looking at Arizona and sectors of doing business the focus is on autonomous vehicles, medical and biological technology, financial technology, agricultural technology, water, aerospace and defense, cybersecurity and smart cities. Each one of these areas has a unique value added proposition between Arizona and Israel.

Mr. Bolel stated they focus on business-to-business partnerships and hosting industry delegations from Arizona to Israel and Israel delegations to Arizona. Their focus is also on business attraction, and bilateral trade and investment. The value propositions to their business attraction strategy includes: providing businesses with a partner; working hand-in-hand with companies, industry corporations and leaders; government, public and private sector support; availability of top talent; the low cost of doing business in Arizona; access to major world markets and Arizona's exceptional quality of life. On the investment side last year, there was \$100 million in private equity coming in and between \$3 and \$4 million in venture capital going out.

Mr. Bolel highlighted an autonomous vehicle company in Scottsdale, Imagry. Airobotics has gotten a lot of media attention, and is one of the most innovative companies coming here from Israel. Eviation is a company that is engaged with a joint venture with Embry-Riddle, Prescott. Eviation secured over \$200 million in venture capital and is the first to market electric airplanes globally. This is a three-D carbon fiber printed electric airplane that has a range of 635 miles and is completely battery operated. Eviation is going to be manufacturing in Arizona.

Acting Chair LeVault asked if there were any questions or comments.

Acting Chair LeVault asked about the 17 Israeli employers in Arizona and how many employees those companies now employ in total.

Mr. Bolel said that at the time of publication there were 429, and by 2024, they expect to see the presence of Israeli companies in Arizona double.

Acting Chair LeVault invited Ms. Kathy Kim, Vice President of Global Marketing with Airobotics to update the committee about Airobotics.

Ms. Kathy Kim stated that Airobotics is about fully automated, industrial drone solutions. Airobotics was founded in 2014 and there are 235 employees. They have launched over 40,000 automated flights. Airobotics has three facilities, one in Israel, one in Australia and one in Arizona with their global headquarters located in Scottsdale, AZ. To date Airobotics has raised \$101 million in funding.

Ms. Kim stated that their success is largely due to how they handle regulatory approvals in an incrementally. First, was to have their system operate. Second, was getting their pilots approved by the Civil Aviation Authority (CAA). Third, was to have automated flights fly on their clients' sites.

Ms. Kim said they needed to fill a gap and the piloted drone system with an operator is expensive. Companies were initially trying to do this in-house, which meant they had to purchase the hardware, and then hire the pilot, and process the data in-house.

Ms. Kim stated that Airobotics' CEO and Founder, Mr. Ran Krauss, was always fascinated with drones. Mr. Krauss was the first person in Israel to receive his license from the CAA to pilot automated drones. Mr. Krauss launched a new company called BladeworX where he was the first person to run applications like inspections, cinematography, mapping and security. That is where Mr. Krauss learned what the technology could and could not do. Later that year he co-founded Parazero, and that company developed automatic parachutes for drones, which is technology used today with Airobotics' drones. It was through these companies that Mr. Krauss came across his vision for the two companies. In order, for the true potential of drones to be met, Airobotics had to take the operator out of the system for the aerial data to be captured and realized. Certified drone

operators are expensive adding greatly to operational costs. Even the best pilots, who are capable of collecting data, are not able to collect data at the same time, same altitude, or the same flight path each and every time, which makes it difficult to compare data from data set to data set. She then discussed the on-demand element and relying on operators. Mr. Krauss looked at the recreational drone and saw the potential. He asked, how do we take this drone and use it to capture data, where will these drones fly from, who are the people who will be operating them. These were big challenges in implementing this big vision. What if there were a completely automated drone system where someone presses a button and the drone flies out on a pre-scheduled mission and flies the mission, secures the area and then comes back to land in a box. Airobotics carved out their market space with a pilotless system. The airbase is completely durable, weatherproof docking station that shelters the drone from the environment, the robotic arm replaces batteries and swaps out all the sensors, and the drone is multi-tooled. The operator has been moved completely out of the equation.

Ms. Kim stated that for the first time ever, a drone flies completely automatically. Their drones are able to launch, fly, collect data, land and repeat. The payloads are nothing special, it is how the data is captured and delivered to the client. Each client site is different so the data is presented back in the way that is specific to the client's operations both to their site specifications and how they operate day-to-day. Large industrial facilities are now entering the fourth industrial revolution. They are adopting technology and essentially creating a digital twin of their entire site of operation. She said that Airobotics approaches every client's needs as specific use cases.

Ms. Kim said that having a traditional onsite surveyor manually taking measurements is time consuming and dangerous. In one example, the surveyor measured 360 points in a volumetric test compared to a drone that was able to measure 9.54 million points with considerable accuracy improvements. On this specific site, the mission time of the surveyor was two hours in comparison to a mission time of only ten minutes by a drone. On average, it takes surveyors three to five days to process the data whereas the drone system automatically uploads the information into the cloud as it is collected by the drone. By the time the operator gets back to their office, they have the data in front of them.

Ms. Kim stated that drones are entering our lives. The first phase is where we are today with their industrial use, then they will be ready for emergency response applications. After collecting hundreds of thousands of points of data, increasing

reliability and safety of the skies, Airobotics definitely sees their drones working in safety. For example, drones on rooftops and cell towers responding to a fire. The closest drone in the area could automatically fly to the site; transmit live video to a fire truck before it gets to the fire allowing the crew to properly respond. She stated that Airobotics' full vision is for commercial everyday use. The drone systems would be situated in various locations across the city serving multiple applications like package delivery, inspections, insurance, real estate, construction, and so much more.

Ms. Kim stated that eventually a client could come up to an airbase, swipe it with their credit card and launch a drone to deliver a key to a child that is locked out of their house. Of course, there are risks, but there are definitely ways to mitigate those risks. Airobotics sees pre-designated aerial highways, low altitude parachutes, mainframe software, a unified data platform that will allow the drones to communicate with each other, and then multiple airbases that will serve as launch and land stations.

Ms. Kim stated that Airobotics is working closely with the Federal Aviation Administration (FAA) to get their drone registered. The registration process takes quite some time. Once it is registered, they will not have to register the drones every time at every client site. At that point their drones will be approved reliable and safe to fly everywhere, but that is going to take anywhere from three to five years.

Councilmember Ray Malnar stated that he attended a League of Cities and Towns meeting where FAA staff were present and talking about some of the issues with drones. He asked what the legal issues are and when will federal regulations be in place.

Ms. Kim noted that these issues are currently being addressed. Most of what is happening now with drones and legalization is related to consumer/recreational drones. Making sure that all drone users are registered is a great step forward. When it comes to industrial use of drones, there are specific rules, including a certain flight height that must be maintained, there must be a perimeter fence, and in order to operate a drone must be used on private properties. Businesses and industry are taking the right steps, because they understand the related safety and reliability issues, whereas, consumers are out there having fun with their recreational drones. Airobotics is working with the FAA and other organizations to create regulations on a timelier basis.

Councilmember Ray Malnar asked if the FAA is looking at having specific corridors over streets that will allow commercial drones to travel without impacting privacy.

Ms. Kim stated that privacy is a huge issue, which is why Airobotics is not thinking package deliveries as the first introduction of drones into smart cities. The next step is emergency response or flying at night. As far as the drone committee thinking of pathways and skyways, it is still too early for that discussion. There is an FAA drone committee within the department of transportation where they match their committee to advisors. Airobotics has nominated Mr. Ran Krauss as a suggested nomination to that board.

Acting Chair LeVault asked whether the industrial rules that Ms. Kim referred to earlier are largely self-imposed or are they a combination of federal and state statute.

Ms. Kim said that these rules are a combination. This is a new area even for the FAA. Airobotics approached the FAA and said that based on all the different countries they have worked within and their experience, they had taken the best from each regulation and put best practices together and presented it back to the board. The board quickly accepted these best practices, because of the massive amount of documentation and testing.

Acting Chair LeVault asked if there were other questions or comments and there were none.

6. Report from the Greater Phoenix Economic Council

Acting Chair LeVault introduced Mr. Steven Betts from the Greater Phoenix Economic Council (GPEC) to provide a report on economic development issues of interest in the Greater Phoenix region.

Mr. Betts stated that the last two to three years for GPEC have been good, and this year is shaping up much the same way. As of January 30, 2019, twenty-three companies have located in the Greater Phoenix market bringing in \$536.4 million in capital investment, with 4,602 jobs created in the region at an average wage of \$51,803.

Mr. Betts stated that there are 345 current prospects in GPEC's pipeline, with 174 prospects for fiscal year 2019. The capital investment potential is almost \$5 million, the job potential is 23,832 and there is over 32 million in square footage potential. He noted that thirty-four percent of the prospects are coming from California. International prospects remain high at 28 total. The international team has been busy in fiscal year 2019. During the second half of 2019, GPEC will conduct missions in London, Manchester, England, and Netherlands, to name a few.

Mr. Betts stated that GPEC has a three-year strategic plan. GPEC started the process by first reaching out to key players, such as mayors and county supervisors, economic development directors, and GPEC peer organizations over the last six months to ask them what GPEC should be doing with their strategic plan. He stated that the next steps will be to get direct feedback on the draft from the GPEC Economic Development Directors at this month's leadership council.

Mr. Betts stated that the strategic plan has two goals. GPEC tried to simplify the strategic plan this year and they are looking for input. The first goal of the strategic plan is to redefine regional economic resilience and competitiveness to meet 21st Century challenges and opportunities. This will be done by focusing on sharpening business attraction, while building new growth models to support economic diversification in globally competitive sectors for quality job creation and retention. In addition, there will be a focus on nurturing a culture of regional collaboration to strengthen capacity, processes, and leadership to drive an open, inclusive and equitable economy. He said, the third key to achieving the first goal of the strategic plan is to increase community-level resilience by promoting economic development that achieves the region's potential in the areas of strategic land development, competitive tools, technology deployment, innovation ecosystem, workforce and place-making. It is no longer about just the incentives and economics of the deal. GPEC is working to make sure cities, towns and counties have the tools needed to create the kind of environments companies need. Mr. Betts said that goal number one also includes creating a globally recognized regional brand and to activate a brand champion alliance among the region's leaders.

Mr. Betts said that goal number two of the strategic plan is to demonstrate what it means to be a best-in-class economic development organization. GPEC's strategic goal two will be accomplished by expanding organizational metrics in alignment with the GPEC mission with a focus on tracking performance of business attraction, local ecosystem growth, and economic competitiveness. Enhancing engagement

and demonstrating the value of being involved with GPEC to partners, clients and investors. The last two elements of goal number two is elevating the GPEC brand as an apolitical, data-driven, thought-leader and fostering an internal culture that values innovation and intellectual growth.

Acting Chair LeVault asked if there were any questions or comments.

Ms. Sintra Hoffman stated that it was great to see the bullet item under strategic goal number one to increase community-level resilience by promoting development that achieves the region's potential and its inclusion of workforce and innovative ecosystem. Workforce development is the number one element in decision-making, because it is impossible to be successful without a workforce. She stated it is great that incentives are no longer the number one item on the table.

Mr. Betts stated that it is critical to develop the strategic plan with the competitive tools that ensure what cities, towns and counties need. Some of this is infrastructure driven and making sure there is the ability to put in things as basic as streets, water, sewer and drainage improvements. Sometimes that is all that is needed to land a significant job producing entity.

Acting Chair LeVault asked if there were any other questions or comments. There were none.

7. Regional Trade Mission to Mexico City

Acting Chair LeVault introduced Vice Mayor Luna and Consul Claudia Franco to provide the committee with an update on the trade mission planning efforts.

Vice Mayor Luna stated there is an agenda for the Mexico City Trade Mission for February 20-22, 2019, at each member's place. He said that the Mexico City Trade Mission is a collaboration between both state and local agencies. He thanked the Consul General of Mexico, Claudia Franco for her continued support. The goal of the trip is to look at best practices and building relationships and opportunities in Mexico City among key officials, and business and industry leaders.

Vice Mayor Luna stated that in December the new government of the MORENA party took office and the delegation is anxious to speak with these elected officials to build positive working relationships and to collaborate on issues related to economic development.

Consul Claudia Franco stated that international trade accounts for one in five jobs in Arizona. She noted that Mexico by far is Arizona's number one trading partner and is Arizona's number one source of international tourism. It is also worth recalling that the new trade agreement and the continued renegotiation of NAFTA as United States, Mexico and Canada Agreement (USMCA) was successfully completed last year and all three countries within that agreement are looking to their legislatures for ratification of the new treaty. The main reason for looking forward to the Mexico City Trade Mission is that Mexico and Arizona are a strong building block of that wider relationship between Mexico and the U.S. The relationship between Mexico and Arizona is important for the continued good relationship in trade and investment between Mexico and the United States. Interviews have been setup with federal officials from Secretaría of Communications and Transportation (SCT), the ministry that deals with infrastructure and with officials from the Ministry of Foreign Relations to talk about the ratification perspectives of the USMCA. She underlined that the main reason for this trip is to contact the newly elected officials and to build trust that is essential to any communication. She stated that it is important that the trade mission take place and to have that dialogue both at the municipal and federal levels.

Consul Claudia Franco announced that her tour of duty in Phoenix and in Northern Arizona is up in March. She said that she has a new appointment to be Director General for Asia Pacific Affairs and Ministry of Foreign Affairs in Mexico City.

Acting Chair LeVault stated that successful trade between Arizona and Mexico is critical. He stated he had an opportunity to take several trips into the State of Sonora where he saw explosive growth in the economy of Mexico. It is important to continue reaching out as a state and as a region, and to continue to rise above the political differences that arise from time-to-time.

Acting Chair LeVault asked if there were questions or comments. There were none.

8. Update on the Bi-National Freight Corridor Study

Acting Chair LeVault introduced Ms. Gail Lewis, Director of the Office of P3 Initiatives and International Affairs for Arizona Department of Transportation (ADOT) to provide the committee with an update on the Bi-National Freight Corridor Study.

Ms. Lewis stated that Arizona is a small state that must fight extra hard to get a seat at the table. A year ago, ADOT sat down and tried to codify the work ADOT had been doing in Mexico and discovered that it went way beyond physical transportation. She stated that ADOT has more than 20 projects and initiatives in place. In this environment, it takes a long time to make small accomplishments, but those accomplishments can pay off with large dividends. She emphasized the cross-border collaboration, the Binational Corridor Study and the work that has been done with commerce, tourism and others. These collaborations look at the border communities and how they benefit from what is going on in Mexico. She stated that some process improvements, such as unified port inspections, took no technology or money, just the two sides being willing to work together to collaboratively inspect trucks. This collaboration will save hours of crossing time for commercial vehicles at the border.

Ms. Lewis stated that the ports of entry are federal facilities; however, the state can advocate for them and make sure that the congressional delegation is knowledgeable about what is going on. The state can also help move things through the budget and policy process. A special emphasis is on San Luis and Douglas, both of which have antiquated facilities and can use help participating actively through the Arizona Congressional Commission. Ms. Lewis stated that a collaborative effort and infrastructure is a big part of these issues. ADOT is happy to be part of a team to help make that happen.

ADOT also builds roads for a living. For years, MAG and ADOT have advocated for State Route 189 in Nogales as a port of entry route to I-19. That project is finally in the process and will be advertised during this calendar year to go forward as a design build. It is a \$134 million project with a flyover connecting the road to the port at I-19. Commercial vehicles will be using a flyover to get in and out of Arizona much safer and quicker. This is the largest project ADOT has undertaken in rural Arizona in several years.

Ms. Lewis said that in the Yuma and San Luis area, the Robert A. Vaughn Expressway connects the commercial port of entry with I-8. As the new situation in Douglas becomes clearer, there will be some additional state infrastructure improvements necessary in that area. The commercial corridors connect Arizona to the rest of the country and to Mexico and help make us a vital crossroads for north/south and east/west trade.

Ms. Lewis stated that the first of its kind binational corridor study has been under way for almost two years. ADOT is leading the study with a consultant team from the Texas Transportation Institute. This corridor includes the entire corridor from Mexico City up to Phoenix. Helping to identify both process and physical improvements that will make this corridor viable. Most of the highway corridor developments tend to link Mexico City with Texas. What we have in Mexico with Highway 15 is the only viable corridor all the way from Mexico City up into Arizona west of the mountains. Highway 15 is the connector between states of western Mexico, and the western United States up into western Canada, which makes it an important corridor. Ms. Lewis stated that what Arizona has in common with the western states of Mexico is that Arizona is also far from its national capital. It is important to advocate in both capitals for the vibrant trade and technology of these two countries and how important it is to have that connectivity.

Ms. Lewis stated that some of these recommendations for the Mexican highway from the binational corridor study are straightforward infrastructure related to both Arizona and Mexico. For example, completing bypasses around urban areas and identifying key bridges in need of repair. Some of it is more process oriented. For example, there is no reason with modern technology, such as gamma rays, to be taking trucks apart all the time. That technology can be used in strategic locations throughout the corridor, which minimizes the chances of contraband crossing the border. It can make the border crossing process much quicker by securing the supply chain up and down the corridor with the use of trusted shipper programs that both the U.S. and Mexican federal governments approve. We must encourage people to sign up for these programs and to be ready to travel the corridor safely.

Ms. Lewis stated that the use of technology like data dashboards to analyze and display mobility, safety, and asset and economic performance information can help identify bottlenecks and other performance issues. She noted that analyzing data can give drivers the real time information they need. For process improvement, a real need on the border is to address staffing. Customs and Border Protection are dramatically understaffed. She noted that Arizona has huge problems in this area and nothing is going to get any better unless we can get staff trained and on the ground. All that ADOT can do is advocate with our federal government partners for staffing, but it is something that we should all advocate for strongly.

Ms. Lewis stated that Arizona has many safety corridors where ADOT promotes increased enforcement and signage. ADOT has also shared those ideas with their Mexican partners in Sonora and they are starting to adopt these principles. As a result, the number of accidents has gone down substantially. She noted that last year during spring break there were zero fatalities. Enforcement, a few minor road improvements, and bilingual signage are all steps that have made a huge difference. ADOT is now attempting to translate those activities onto Mexico 15, which is Mexico's major commercial corridor.

Ms. Lewis said ADOT is also working towards a joint 511 website, mobile capacity where drivers can get information on what is going on in the other country. Sometime soon, drivers will be able to see what the road conditions are like when traveling to Mexico and be able to use that in planning trips, which is important to both tourists and commercial shippers.

Ms. Lewis stated that ADOT has also been working to train Mexican truck drivers to make sure they are operating safely in the U.S. ADOT now has a unit dedicated to this training in Mexico in Spanish. The training familiarizes truck drivers with U.S. requirements and laws. This is an ongoing process, because this is an industry with a high turnover. By doing this, ADOT has been able to reduce the amount of out-of-service stops at the border where the trucks are in such bad shape they need to be returned to Mexico, which is expensive and time consuming, especially when talking about fresh produce. This has been an effective exercise for ADOT and something they plan to continue. In addition, the process of truck safety inspections coming across the border was streamlined by ADOT and there was a cut back on the number of trucks being sent back to Mexico.

Ms. Lewis also stated that there is a lot going on at the ports of entry. She noted that in the Governor's budget there is \$700,000 for a cold storage unit in Nogales. Currently, there is no cold storage and when produce trucks get pulled over in Nogales for inspection, there is no place to store the produce.

Ms. Lewis said that ADOT's 2018 numbers for commercial border crossings in Nogales are up 3.1 percent over 2017, up 13.8 percent in Douglas, but are down 13.6 percent in San Luis. She noted that is because San Luis is so close to the California port of Calexico. Calexico has not done all that Arizona has, so a lot of truck drivers are driving the extra 45 minutes to Calexico, because they think they will not be inspected as closely, and because the federal government uses different regulations for the two regions. Truckers are going to go the path of least

resistance. She stated that Mexico is a trading partner in the magnitude of \$18 billion in two-way trade in 2017.

Ms. Lewis said Mexico is our largest trading partner and Canada is Arizona's largest foreign investor, and this North American relationship is important to Arizona.

Acting Chair, LeVault asked if there were any questions or comments.

Ms. Marisa Walker stated she would encourage the EDC members to recognize that underneath these recommendations are strong data and information about the characteristics of our corridor. There is value in members of the mission to Mexico City to become conversant on the characteristics of our corridor and to emphasize the time and energy that was put into recognizing that not all roads lead to Texas.

Ms. Lewis said there is a new administration in Mexico and the state wants to be early in the que to talk about issues and make sure they are in front of those new decision-makers. The Governor is considering a trip to Mexico later in the Spring. This is a good time to get those messages across regarding binational corridor .

Acting Chair LeVault stated that considering we are a border state and the importance of Arizona's trade relationship with Mexico, we are going to be right in the thick of things.

Acting Chair LeVault asked if there were any other questions or comments. There were none.

9. Request for Future Agenda Items

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

10. Comments from the Committee

Acting Chair LeVault asked if there were any other questions or comments from the committee.

There were no questions or comments from the committee.

The next meeting of the Economic Development Committee will be at 11:30 a.m. on Tuesday, March 5, 2019, at the MAG office.

Adjourn

Acting Chair LeVault asked for a motion to adjourn. Councilmember Virginia Corte made a motion to adjourn and Ms. Angela Creedon second the motion. Acting Chair LeVault took a roll call vote of members teleconferencing in: Mark Benedetto, Mayor Barney, Councilmember Jon Edwards, Jim Kenny, Councilmember Randy Keating, Councilmember Mike Pineda, Mayor Meck, Mayor Schoaf, and Councilmember Nancy Smith. The motion carried unanimously and there being no further business, the Economic Development Committee meeting was adjourned at 12:48 p.m.

Acting Chair

Secretary