

October 29, 2012

TO: Members of the MAG Economic Development Committee

FROM: Mayor Thomas Schoaf, City of Litchfield Park, Chair

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

Tuesday, November 6, 2012-11:30 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. A light lunch will be provided.

Please park in the garage under the building. Bring your ticket to the meeting. Parking will be validated. For those using transit, the Regional Public Transportation Authority will provide transit tickets for your trip. For those using bicycles, please lock your bicycle in the bike rack in the garage.

Pursuant to Title II of the Americans with Disabilities Act (ADA), MAG does not discriminate on the basis of disability in admissions to or participation in its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Denise McClafferty at the MAG office. Requests should be made as early as possible to allow time to arrange the accommodation.

If you have any questions regarding the EDC agenda items, please contact Dennis Smith, MAG Executive Director, or Denise McClafferty, Management Analyst, at (602) 254-6300.

MAG ECONOMIC DEVELOPMENT COMMITTEE
TENTATIVE AGENDA
NOVEMBER 6, 2012

COMMITTEE ACTION REQUESTED

1. Call to Order

The meeting of the Economic Development Committee will be called to order.

2. Call to the Audience

An opportunity will be provided to members of the public to address the Economic Development Committee on items not scheduled on the agenda that fall under the jurisdiction of MAG, or on items on the agenda for discussion but not for action. Members of the public will be requested not to exceed a three-minute time period for their comments. A total of 15 minutes will be provided for the Call to the Audience agenda item, unless the Economic Development Committee requests an exception to this limit. Please note that those wishing to comment on action agenda items will be given an opportunity at the time the item is heard.

3. Approval of the October 2, 2012 Economic Development Committee Meeting Minutes

4. Report from Union Pacific Railroad

Union Pacific (UP) Railroad is a critical link that connects freight consumers with the global marketplace. For 150 years, UP has played a vital role in building and sustaining this nation's economy. UP operates North America's premier railroad franchise, covering 23 states in the western two-thirds of the United States. Staff has invited a representative from UP Railroad to provide a presentation on their business activities in Arizona.

5. Report on the New Mexico Municipal League 55th Annual Conference

On June 13, 2012, Michael Gallis mentioned that the "The world is changing and it doesn't wait for

2. Information and discussion.

3. Review and approval of the October 2, 2012 Economic Development Committee meeting minutes.

4. Information, discussion and possible action on coordinating with Union Pacific on potential economic development strategies.

5. Information and discussion.

people to react. New patterns are taking shape and the Sun Corridor must seize the opportunities or risk being left behind.” Other states, such as Texas, New Mexico and Colorado, are outpacing Arizona in trade and exporting. Jim Rounds from Elliott D. Pollack & Company recently gave a presentation at the New Mexico Municipal League 55th Annual Conference on the positive outlook for New Mexico. A report on what New Mexico is doing to improve its economy will be provided. Also discussed will be relative competitive positions of our neighboring states.

6. Transportation and Trade Corridor Alliance Update

On October 2, 2012, the MAG Economic Development Committee requested that an update be provided on the Transportation and Trade Corridor Alliance (TTCA) and the Arizona International Development Authority (AIDA). In February 2012, Governor Jan Brewer announced the formation of the TTCA. The objective of the Alliance is to contribute to a jobs and economic development agenda for Arizona by examining current and future transportation infrastructure needs in order to improve Arizona's competitiveness in a global marketplace. A representative from the TTCA will provide an update to the committee.

7. Greater Phoenix Rising Update

On November 1, 2011, the Greater Phoenix Rising Web Site was officially launched. The EDC approved a partnership between MAG and Greater Phoenix Economic Council to develop a data resource for economic development. The joint website includes interactive maps, graphs, charts and videos that provide prospective businesses and residents information on the region. Since that time, staff has completed the Key Assets video and created a Greater Phoenix Rising mobile site so that the website can be viewed from mobile devices. Staff will provide an opportunity to view the new video as well as a demonstration of the mobile website.

6. Information, discussion and input.

7. Information and discussion.

8. Request for Future Agenda Items

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

9. Comments from the Committee

An opportunity will be provided for the Economic Development Committee (EDC) members to present a brief summary of current events. 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

8. Information and discussion.

9. Information.

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

October 2, 2012

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

MEMBERS ATTENDING

Mayor Thomas L. Schoaf, Litchfield Park,
Chair

*Mayor Marie Lopez Rogers, Avondale,
Vice Chair

#Mayor Gail Barney, Queen Creek

*Steven Betts, GPEC

#Supervisor Fulton Brock, Maricopa County

Dr. Joseph Cavinato, Thunderbird

Mark Dreher, East Valley Partnership

*Thomas Franz, Greater Phoenix Leadership

Jim Kenny, El Dorado Holdings, Inc.

Mayor W.J. "Jim" Lane, Scottsdale

#Mayor Michael LeVault, Youngtown

Mayor John Lewis, Gilbert

Mayor Jackie Meck, Buckeye

Mayor Mark Mitchell, City of Tempe

Jim Rounds, Elliott D. Pollack & Company

Floyd Roehrich, Jr., ADOT

Todd Sanders, Greater Phoenix Chamber
of Commerce

*Mayor Elaine Scruggs, Glendale

Councilmember, Jack Sellers, Chandler

*Mayor Scott Smith, Mesa

Mayor Greg Stanton, Phoenix

*Sandra Watson, Arizona Commerce
Authority

Mayor Sharon Wolcott, Surprise

* Not present

Participated by video or telephone conference call

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

Roc Arnette, EVP

Gail Baer, Valley of the Sun United Way

Phil Bradstock, Phoenix

Scott Butler, Mesa

Ryan Cook, Parsons Brinckerhoff

Miranda Culver, Mesa

Monique de los Rios-Urban, MAG

Jeff Dewitt, City of Phoenix

Anna Flaaten, U.S. Dept. of Commerce

Jami Garrison, MAG

Shirley Gunther, Avondale

Bob Hazlett, MAG

Chad Heinrich, Tempe

Susan Hyatt, Phoenix

Patrice Kraus, Chandler

Denise McClafferty, MAG

Lora Mwaniki-Lyman, MAG

Dale Miller, Jacobs

Kim Moyers, Queen Creek

Linda Priano, MAG

Nathan Pryor, MAG

Jennifer Pyne, URS

Bill Sheldon, WESTMARC

Dennis Smith, MAG

Tim Strow, MAG

Kelly Taft, MAG

Marisa Walker, ACA

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Schoaf at 11:39 a.m. Chair Schoaf noted that Supervisor Brock, Mayor Barney and Mayor LeVault were participating by telephone conference.

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

Chair Schoaf welcomed Bill Sheldon, Chairman of WESTMARC, to the committee meeting. Chair Schoaf also welcomed students from the Thunderbird Consulting Practicum program who are currently working on the Arizona-Mexico Small and Medium Business Connections project.

2. Call to the Audience

Chair Schoaf stated according to the MAG public comment process, members of the audience who wish to speak are requested to fill out the public comment cards. He stated that there is a three minute time limit. Public comment is provided at the beginning of the meeting for items that are not on the agenda that are within the jurisdiction of MAG, or non action agenda items that are on the agenda for discussion or information only. Chair Schoaf noted that one public comment card had been received.

Dianne Barker, resident of Phoenix, stated people like to use public transit when they know it will be reliable. She added she is interested in the future of this area and she is concerned about the politics of the border. She stated she is hoping that the collaboration of all of the councils here today will be able to help pull this region together. She noted she is not an expert in engineering, but she does not know why we cannot consider moving freight and people on the same train.

3. Approval of the September 11, 2012 Economic Development Committee Meeting Minutes

Chair Schoaf asked if the members had any questions regarding the September 11, 2012 meeting minutes. There were none. Mayor Mitchell moved to approve the September 11, 2012 Economic Development Committee meeting minutes. Mark Dreher seconded the motion and the motion carried unanimously.

4. Report on the Freight Transportation Framework Study

Tim Strow, MAG Transportation Planner, introduced Darren Henderson, Ryan Cook, and Tom Hester from Parsons Brinckerhoff, and Kristin Bornstein from Central Creative. Mr. Strow provided a overview on the final results of the Freight Transportation Framework

Study. Mr. Strow stated the team would be going over the initial findings, discussion of Sun Corridor supply chain opportunities, and regional recommendations from this study. He added the entire study and specific details and findings will be presented at the next Joint Planning Advisory Council (JPAC) meeting on Tuesday, October 30, 2012.

Mr. Strow stated the goal of the study was to identify and develop freight related economic development opportunities. He added the regional objectives were to capitalize on strategic positions relative to goods movement, identify added value for supply chains and diversify the regional economic base, which would create jobs. He noted that originally JPAC wanted to know if there was an opportunity for a mega-sized inland port and if not, what were the opportunities. Mr. Strow stated one of the first steps of the study included a survey of shippers and carriers throughout the United States. This survey included 2,500 firms and approximately 4,500 individuals to help understand how businesses move their products, why they move their goods by certain modes, where they saw themselves located in the near future and how Arizona could fit in their supply chain. He stated the number one thing they heard was that there is a general lack of understanding regarding the benefits of this region as part of the supply chain. He added one of the common things that came across is that all the surveys showed that businesses felt Arizona was a pass-through state.

Mr. Strow stated the second step included studying commodity flows in Maricopa, Pinal, and Pima counties on a national level and on a zip code level. When looking on a national level the research looked at who Arizona's trading partners were across the United States. He added the study also included the international commodity flows and specifically focused on where in Mexico the goods were going. He added the next level was the zip code analysis and identified all the high value zip codes in the Sun Corridor, what types of goods were being imported and exported, and the location in Mexico that the goods and services were actually going. Mr. Strow noted the study also identified the businesses located in those zip codes and tied it together with the transportation networks that linked the high value corridors to Mexico and beyond. He added the number one opportunity the study identified was our focus with our number one trading partner, that is Mexico. He stated another opportunity for the Sun Corridor is our combined population and that the Sun Corridor ranks 10th among the largest U.S. metropolitan consumer markets and that approximately 85 percent of the state's population resides within this corridor.

Mr. Strow added it is projected that the population is expected to double by 2050 and the Sun Corridor's prime location makes it a key national market along the east-west trade route between Texas and California, as well as an international market along the north-south CANAMEX trade route. He stated in the past freight companies and distribution facilities did not have to be located in Arizona, now due to our size, there is an opportunity to capitalize on our local and south-west regional market. He added the rising costs in transportation and labor in Asia is making Mexico more attractive. Another benefit includes the fact that Mexico is now the lowest cost producer for many goods and is also in the same time zone.

Tom Hester, from Parsons Brinckerhoff, identified some of the key opportunities and provided four typologies based on opportunities that can leverage core supply chain roles to capture opportunities. These included: 1) a forward distribution center to serve as a gateway for distribution to other regional markets in the West Valley; 2) a manufacturing and local distribution center to produce goods for global market and/or distribution to local markets in the Mesa Gateway area; 3) a mixing center to store, consolidate and/or redirect domestic and import goods for distribution in the area of Interstate Junctions I-10 and I-18 near Eloy; and 4) an import center to receive imports and redirect goods to local and global markets in the Tucson International Airport area, which is currently functioning as an import facility. Mr. Smith stated this study confronts the brutal truth. It shows that Tucson is where the location of the import center needs to be, it is where Union Pacific is, where I-10 is, and its close proximity to Mexico. He noted this study also brings together other opportunities.

Mayor Wolcott asked if these typologies areas were representative of possible locations or were they exclusive locations. Mr. Hester stated based on their analysis, they identified sixteen areas, based on majority typologies, and these possible locations would make the most sense for those particular areas. Darren Henderson added that part of the process included looking at the infrastructure that was already in place, the land availability, and then analyzed a five mile radius of the location. He stated that at the JPAC meeting on October 30, 2012 they will be providing four focus areas brochures that will highlight key characteristics for each area evaluated that will provide concise reference for policy recommendations and marketing efforts. Mr. Henderson stated the key recommendations included coordinating regionally to position and market the Sun Corridor for freight related economic development. He added the Sun Corridor must compete globally, and not just locally, to grow freight relation economic development. He noted that Arizona is not just competing with Texas, Ohio, and Washington, but also competing with Brazil and Australia for these types of developments.

Mr. Henderson stated Arizona must speak with a unified voice to establish a clear and positive identity and also form a staffed “one-stop shop” approach which has been proven successful in other regions. This could include a regional entity to implement the regional framework to coordinate freight transportation, land use, economic development and marketing. Mr. Henderson noted other recommendations included establishing a Sun Corridor Freight Development Zone, special land use designations, implementing strategic transportation improvements to support efficient freight distributions, update and expand regional and statewide policies to enhance infrastructure for freight movements. Other recommendations included addressing the MAP-21 freight network requirements to ensure federal funding eligibility; define truck route networks to be inclusive, not exclusive; and prioritize investments on transportation infrastructure that accommodates goods movements.

Mr. Henderson stated they are currently developing topical white papers to further investigate and elaborate on key recommendations to better understand existing organization structures, framework, opportunities and limitations. He added a more detailed discussion will take place at the JPAC meeting on October 30, 2012, where they will provide specific

recommendations for action.

Chair Schoaf thanked the team for their presentation and stated there certainly is a lot to think about in terms of trying to integrate public policy in a way that will attract and promote business in our valley. Chair Schoaf asked if there were any questions or comments from committee.

Mayor Wolcott stated she agreed with Mr. Henderson's comment that our entire region will prosper and benefit by working together in an integrated and coordinated matter. She asked if the team was able to identify any foreign trade zones that are already in place, and if so, how many did they identify in Maricopa County. Mr. Henderson stated any area within a 80 mile of radius of Sky Harbor Airport is part of the Sky Harbor Foreign Trade Zone service area. He noted it gives some status, however, the foreign trade zones that function within Maricopa County tend to fall into building levels, where specific buildings become designated as foreign trade zones. He added one of the strategies is to make it easier to service that function. Mayor Wolcott stated that a plan needs to be implemented on how we will address the specific barriers that include the limited financial tools in this state and how we go out and get those financial tools.

Dr. Cavinato congratulated the team on the level of research, specifics, and recommendations they provided. He stated this study shows how potential businesses could come to this region, and in the business plans, the barriers are identified. He added it helps us all think about what needs to be done on a regional basis. Jim Rounds agreed with Dr. Cavinato and stated this is a great effort and really liked the specifics, which is one of the biggest things that is lacking in most of this state's economic development plans. Mr. Rounds gave the analogy of a the Dallas Cowboys football team and stated the receivers waits for the ball to come to them, they do not turn around and go back. He added in this case, we have identified the economic fundamentals on why a business would want to locate here and now this brings us up to par with other states. Mr. Rounds stated that he believes that the study that was put together here is the foundation and asked if there is a way the study ends each particular task to facilitate a marketing plan.

Mr. Henderson stated this region has a lot of catching up to do and part of establishing this regional entity is to put those key pieces in place. He added the City of Eloy is a good example of this because they have a lot of land availability, they are in a very strategic location and they have a good available workforce, however all their land is zoned for residential purposes. The analysis shows that this is not the best use of the land. He stated one of the next steps is to find out if the City of Eloy is willing to be a player in this or if we need to shift our thinking toward adjacent areas, such as Casa Grande or Red Rock to serve that function. Mr. Hester added this effort requires a lot of focus and cooperation from adjacent cities in order to direct the funding.

Mayor Lane thanked the team for the detailed presentation and stated it provides the region the next steps needed to be formulated to become globally competitive. He added there has

been a demand for these type of facilities, but overcoming some of the major obstacles with regards to our border and crossing of both freight and personnel, needs to be addressed. Mr. Henderson stated there have been several conversations on potential opportunities for goods movements out of Mexico and are addressing the issues. He added he believes everyone is aware of the issues but Arizona needs to step up and make specific recommendations to the federal government.

Mayor Lane stated one of the things this region has to deal with is making the case to the federal government for what Arizona needs at the border. He added we have established the fact infrastructure is not meeting or facilitating the current demands. Mr. Henderson stated two things are needed to make this opportunity successful on the federal level. They include having specifics on what Arizona is currently dealing with, the existing demand, and what Arizona or this region wants. Also integration of everyone in Arizona speaking in a unified voice, with a unified message, will cause the federal government to take notice. Mr. Hester added it is critical that if we don't act now Arizona will be at risk. Mayor Lewis asked who would be the central entity. Mr. Henderson stated the main entity that will help to coordinate the regional initiative and take the lead has not yet been established.

Chair Schoaf stated we need to come together as a state on one plan that unifies our region so we can come together to develop unified policies and procedures. He noted he is looking forward to hearing the details of the Freight Transportation Framework Study on October 30th, 2012.

5. Report on the Economic Development Roundtable Discussion with the U.S. Department of Commerce

Dennis Smith provided a report on the Economic Development Roundtable Discussion with the U.S. Department of Commerce that took place on September 26th, 2012, with Assistant Secretary Michael Camuñez. He stated it was the first known effort of this kind that included 23 elected officials, all the Councils of Governments and Metropolitan Planning Organizations, the League of Arizona Cities and Towns, and the three state agencies. Mr. Smith added Assistant Secretary Camuñez was very impressed with the diversity of the group that came together and stated Assistant Secretary Camuñez offered to work with the State of Arizona on a National Export Initiative pilot project that focused on economic development goals.

Mr. Smith noted that at the ASU North American Center for Transborder Studies Conference, the economic development director of New Mexico discussed how that state worked with numerous agencies and railroads to create 21,000 jobs south of the Santa Teresa port of entry. He also discussed how they created and implemented a locomotive fuel reduction bill, a vehicle overweight zone and formed the New Mexico Border Authority. He added that in just 18 months, 7,000 new jobs were created and New Mexico went from being ranked 39th in the nation in export growth to number two. Mr. Smith quoted Will Smith and said it is time to "get jiggy with it". He stated the goal for Arizona is to create alignment

through the JPAC meeting that will take place on October 30 , 2012 and at the Sun Corridor Retreat, which will take place in early 2013.

Chair Schoaf thanked Mr. Smith for his report and asked if there were any questions or comments from the committee. There were none.

6. Request for Future Agenda Items

Chair Schoaf asked if there were any requests for future agenda items. Floyd Roehrich, from Arizona Department of Transportation, suggested that a representative from the Transportation and Trade Corridor Alliance (TTCA) be added to the November committee agenda to provide an update on the TTCA and on the Arizona International Development Authority.

7. Comments from the Committee

Mayor Schoaf announced that the next meeting is scheduled for November 6, 2012 at 11:30 a.m. He also reminded the committee members that the next Joint Planning Advisory Council meeting will be held on Tuesday, October 30, 2012. He stated a handout is at each committee members place providing details on the event.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 12:58 p.m.

Chair

Secretary