



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

January 29, 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, February 5, 2019 - 11:30 a.m.  
MAG Office, Suite 200 -Saguaro Room  
302 North 1<sup>st</sup> Avenue, Phoenix

A meeting of the MAG Economic Development Committee (EDC) has been scheduled for the time and place noted above. Members of the Committee may attend the meeting either in person or by telephone conference. Use of proxy at the MAG EDC is not permitted. 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  
FEBRUARY 5, 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 January 8, 2019, Economic Development Committee Meeting Minutes</u></p>	<p>4.     Review and approval of the January 8, 2019, Economic Development Committee meeting minutes.</p>
<p>5.     <u>Scottsdale Welcomes Israeli Drone Firm</u></p> <p>Airobotics is an Israeli automated industrial drone manufacturer that now calls Scottsdale home. The company was</p>	<p>5.     Information and discussion.</p>

launched four years ago and develops automated, pilotless industrial drones for surveillance, surveying and mapping mines and security applications. Airobotics' new global headquarters is located in the Scottsdale Airpark area and is the company's first endeavor in the United States. Kathy Kim, Vice President of Global Marketing with Airobotics, will discuss its expansion into the United States and why Arizona. Leib Bolel, with the Arizona Israel Technology Alliance, will also provide information on additional activities with Israeli technology companies.

6. Report from the Greater Phoenix Economic Council

A report will be provided on economic development issues of interest in the Greater Phoenix Region.

7. Update on the Bi-National Freight Corridor Study

Mexico is one of Arizona's largest trading partners and contributes significantly to Arizona's economy. In addition, trade between the United States and Mexico has grown by more than four times since the implementation of the North American Free Trade Agreement (NAFTA). Truck trade is the dominant mode for cross-border transportation. The Arizona Department of Transportation (ADOT) is conducting a Bi-National Freight Corridor Study that will provide information to broaden the understanding of manufacturing and

6. Information and discussion.

7. Information and discussion.

production trends in the Phoenix–Mexico City Corridor, including Highway 15, and the El Paso–Mexico City Corridor, including Highway 45. Gail Lewis, Director, Office of P3 Initiatives and International Affairs for ADOT, will provide an update on the Bi-National Freight Corridor Study.

8. Regional Trade Mission to Mexico City

Mexico City has one of the world's fastest-growing economies and one of the most important cultural and financial centers in the Americas. Similar to the Greater Phoenix Region, Mexico City thrives due to the services and commerce industries. One of the focuses through the MAG Economic Development Committee (EDC) has been to build relationships with pertinent regions in Mexico and collaborating with others to drive interest and commitment in the Arizona-Mexico megaregion. On February 20-22, 2019, MAG will be hosting a delegation of elected officials and economic development professionals on a trade mission to Mexico City. The program will consist of meetings with business leaders and elected officials, as well as information on the Mexico City economy. Vice Mayor Luna will provide the Committee an update on the trade mission planning efforts.

9. Request for Future Agenda Items

Topics or issues of interest that the EDC would like to have considered for

8. Information and discussion.

9. Information.

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

10. Information

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
ECONOMIC DEVELOPMENT COMMITTEE

January 8, 2019

MAG Offices, Saguaro Room  
302 N 1<sup>st</sup> Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Buckeye: Mayor Jackie Meck, Chair	*Gilbert: Councilmember Eddie Cook
Queen Creek: Mayor Gail Barney, Vice Chair	#Glendale: Councilmember Ray Malnar
*Achen-Gardner Construction: Dan Spitza	Greater Phoenix Chamber of Commerce: Todd Sanders
Apache Junction: Councilmember Robin Barker	Greater Phoenix Economic Council: Steve Betts
Arizona Christian University: Mark Benedeto	*Greater Phoenix Leadership: Neil Giuliano
Arizona Commerce Authority: #Marisa Walker	Litchfield Park: Mayor Thomas L. Schoaf
ADOT: Floyd Roehrich Jr.	Maricopa: Councilmember Nancy Smith
Arizona State University: Angela Creedon	*Maricopa Community Colleges: Dr. Randy Kimmens
Arizona Trucking Association: Tony Bradley	*Mesa: Vice Mayor David Luna
Avondale: Councilmember Mike Pineda	*Peoria: Councilmember Jon Edwards
Career Technical Education District: Superintendent Greg Donovan	Phoenix: Mayor Thelda Williams
Chandler: Vice Mayor Kevin Hartke	*Rounds Consulting Group Inc.: Jim Rounds
East Valley Partnership: Jack Sellers	*Scottsdale: Councilmember Virginia Korte
*El Dorado Holdings, Inc.: Jim Kenny	#Tempe: Councilmember Randy Keating
*Gila River Indian Community: Governor Lewis	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)):

Jenny Aho, PetSmart Charities	Austin Kies, MAG
Denyse Airheart, City of Maricopa	Hank Marshall, City of Phoenix
Eric Anderson, MAG	Susana Martinez, MAG
Amy Arguilez, Town of Gilbert	Denise McClafferty, MAG
Melissa Armas, AZB1	President Len Muncil, AZ Christian University
Anubhav Bagley, MAG	Amy St. Peter, MAG
Laurie Berg Sapp, MAG	Clark Princell, City of Phoenix
Craig Chenery, MAG	Nathan Pryor, MAG
Sam Coffman, Dickinson Wright	Terry Roe, City of Chandler
Natalia Cuneo, MAG	Janine Solley, City of Apache Junction
Dan Davis, City of Avondale	Kelly Taft, MAG
Lou Farinf, Small Business Development Center	Jodi Tas, City of Surprise
Justin Feek, WSP	David Worsley, MAG
Elio Grieco, AZCWR	
Christine Grundy, City of Buckeye	
Dr. David Haworth, PetSmart Charities	
Jessica Hipskind, MST Solutions	
CM Chris Judd, City of Surprise	

1. Call to Order

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

2. Pledge of Allegiance

Mayor Barney led the EDC in reciting the Pledge of Allegiance.

Councilmember Randy Keating, Mayor Michael Levault, Councilmember Ray Malnar, Councilmember Nancy Smith, and Ms. Marisa Walker 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.

Chair Meck announced that at each member's place is a flier regarding the Mexico City Delegation Mission on February 20-22, 2019. Please ask MAG staff if you have any questions. Chair Meck thanked Mayor Williams from the City of Phoenix for the use of their space in Mexico City.

Chair Meck 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.

Chair Meck asked if there were any blue cards submitted. One blue card was received from Melissa Armas, who brought fliers to hand out regarding AZ Tech Brief.

Ms. Armas stated that she is with a group of organizations that put together an AZ Tech Brief scheduled for Friday, January 11, 2019. She said that AZ Tech Brief was started by the Tech-ED Nonprofit, Arizona Blockchain Initiative. The group put together this program because they found a need for decision-makers to speak with individuals in the technology industry. The second installment of their training is occurring at the Greater Phoenix Economic Council. Professor Emeritus, Dan Hanson from California Polytechnic State University will talk about the future of education and the workforce in Arizona. The overall focus of the presentations are automation and the influence it has on education, and how best to prepare Arizona citizens for the changes that are coming to the Valley.

4. Approval of the November 6, 2018, Economic Development Committee Meeting Minutes

Chair Meck asked members of the committee if they had any changes or additions regarding the November 6, 2018, meeting minutes. There were none. Chair Meck asked for a motion to approve the November 6, 2018, meeting minutes. Vice Mayor Rodriguez made a motion to approve the November 6, 2018, meeting minutes. Mayor Thomas Schoaf seconded the motion. Chair Meck then called for a vote from the members on the phone. Councilmember Randy Keating, Mayor

Michael Levault, Councilmember Ray Malnar, Councilmember Nancy Smith, and Ms. Marisa Walker voted in favor of the motion. The motion carried unanimously.

5. Report on Economic Impact of Pets

Chair Meck introduced Dr. David Haworth, President of PetSmart Charities, to report to the committee on the economic impact of pets.

Dr. Haworth stated that he has a Ph.D. in physiology, and is a veterinarian. Both of Dr. Haworth's parents were economists, so looking at numbers and considering pets in economic terms comes naturally to him. He noted that PetSmart Charities commissioned a report from the Rand Corporation on the overall impact of pets. Unfortunately, that report has been delayed. Dr. Haworth stated he would share the report with the committee as soon as it is out.

Dr. Haworth said that the point he hopes committee members will take away is that pets are a huge economic driver. The power of pets in our communities, and our families, has drastically changed over the last 40 years. Communities that embrace this mindset see better health outcomes and economic drivers. Those communities that discourage pets oftentimes are left behind, particularly by younger generations.

Dr. Haworth shared data from the American Pet Products Association showing that 44 percent of U.S. homes have at least one dog, and 68 percent have a pet of some kind. That means there are almost 90 million dogs in the United States, and 95 million cats. He reported that \$72 billion was spent this past year on pets, which is split at 40 percent for goods, primarily pet food, and other items like pet toys and leashes. The remaining 60 percent was spent on services. Dr. Haworth noted that \$20 billion of money spent on services was for veterinarian care, and the remaining amount was spent on ancillary services, such as dog walking and grooming. Dr. Haworth showed Arizona data from the American Veterinarian Medical Association that recently came out with a 55,000 household survey showing 58 percent of Arizona households have pets, which is defined as either a dog or cat. That is higher than the national average of 56.5 percent. He noted that 1.5 million Arizona households have a pet, and 1.13 million of those have both dogs and cats. There are more households with pets than there are households with children under 18.

Dr. Haworth stated that PetSmart and PetSmart Charities is a Valley institution that started out with eight stores. PetSmart has now grown to over 1,600 stores around

the country. He noted that PetSmart is a \$7 billion a year company, and \$11 billion if you add Chewy.com, which was recently purchased by PetSmart about two and a half years ago. There are 58 stores in the Valley, one distribution center and their Corporate Headquarters. PetSmart is amongst the top 50 employers in the state with 2,500 employees Valley wide. Dr. Haworth stated that since 1986, PetSmart Charities has given over \$24 million to charitable causes. In the last five years alone, they spent \$5.9 million in adoption rewards and \$8 million in other grants.

Dr. Haworth stated that PetSmart has never sold a dog or a cat, instead they facilitate pet adoptions at their stores through their 114 animal welfare partners. Working together with their partners, PetSmart facilitates almost 20 percent of all pet adoptions in the United States. He noted that this drives the economy, in a big way.

Dr. Haworth said 85 percent of people view their dogs as a family member, as opposed to a companion or property, and 76 percent of cat owners feel the same way. He also noted that multiple dogs per household is normal. It is estimated that \$559 million per year is spent on veterinary care in Arizona for dogs, and another \$232 million per year is spent on cats. If you add up the numbers around veterinarian visits, this is a significant economic driver. The veterinarian profession is diverse and is made up of highly educated professionals who are also small business owners. The average veterinarian practice across the country consists of 1.6 doctors.

Dr. Haworth stated that the major emphasis on the Rand Corporation report is on recognizing the health benefits provided by pets. This includes scientific documentation that pets help with the \$1.65 trillion cost of mental and physical health concerns. These health concerns include depression, social isolation in seniors, dementia, PTSD, obesity, pain management and heart disease. He acknowledged that pets cannot eliminate all of these concerns, but it is realistic to say that the impact is a minimum of one percent, with a positive impact that pets have on our lives having a monetary value of \$16 billion.

Dr. Haworth stated there also are negative consequences of having pets. For example, it comes up in conversations that seniors fall based on tripping over their animals. He added that one percent of all trips and falls are caused by companion animals.

Dr. Haworth said that animal bites are another possible negative impact in regards to pets. Vicious animals are one of the biggest detriments to the human/animal bond. However, the numbers of stray animals are going down precipitously thanks to spay and neuter programs that have been in effect for thirty years. As communities continue to invest in animal control services, and continue to invest appropriately in protecting citizens of their communities, the threat of vicious animals is disappearing.

Dr. Haworth then discussed how local governments can help. One of the biggest reasons that families are torn apart is because they get evicted from their housing and the new housing is not pet-friendly. He noted that pet owners make better tenants. Pet owners are also more stable, cause less property damage, and are more willing to do self-repairs than non-pet owners. Dr. Haworth reported that Federal law states that any subsidized housing must be pet-friendly. This is not that well known and is poorly enforced. He stated that other ways to help make a pet friendly environment are sidewalks, pedestrian areas and off-leash dog parks. These are places where strong community bonding occurs, which leads to increased revenues in surrounding areas. Today's society lacks good third spaces outside of work and home where people can gather, and dog parks are amazing in this area. Another area where local governments can help is with animal control budgets. The Valley has become an extraordinarily safer place for animals to be, which has not always been the case. Maricopa Animal Care and Control, Arizona Humane Society, the Animal Welfare League and other partners around the Valley have come together in a large coalition called Fix-Adopt-Save, which is primarily funded by both PetSmart Charities and Nina Mason Pulliam Charitable Trust. The number of unwanted litters has dropped dramatically.

Dr. Haworth stated that animal services have changed over the last 20 years. They are no longer just animal services to protect the public, and have become human services and family services, because pets are members of our families. Perceiving animal services as human services, helps protect and support families, which is especially important to those who are experiencing homelessness, escaping domestic violence, or for those in hospice care. He reported that questions are now being asked about finding temporary housing for pets whose families are in crises, temporarily deployed, or who are receiving in-patient hospital care.

Mr. Steve Betts asked Dr. Haworth to comment on recent trends in multi-family housing and how dog parks are being built into residential projects.

Dr. Haworth stated that across the economic spectrum, multi-family communities are now including dog parks, particularly those high-end housing units focused on millennials. It has become increasingly common to see rooftop green areas as well as dog parks and other off-leash, dog friendly areas. Veterinarian, grooming and boarding facilities are being included in local retail areas. As the country moves away from a product-based economy into a service-based economy, there is increased spending on pets.

Mayor Thelda Williams stated that PetSmart Corporate Headquarters is located in her district and she has worked with them for many years. She thanked Dr. Haworth for all of PetSmart Charities community support. She stated that as a pet lover, she truly believes that pets make a difference in people's lives. Every new high-rise in Downtown Phoenix has accommodations for pets, as it is part of their zoning. Mayor Williams stated that she is a big supporter of how PetSmart, the Humane Society, and the City of Phoenix work together to help abused animals and domestic violence cases. PetSmart generously supports these programs and helps nurture, feed and care for many animals.

Chair Meck asked if there were any other comments. There were none. Chair Meck thanked Dr. Haworth for his presentation and for his work with animals and Arizona communities.

6. Arizona Christian University Moves to Former Thunderbird Campus

Chair Meck introduced Chancellor Mark Benedetto to begin the next agenda item on Arizona Christian University's move to the former Thunderbird campus.

Chancellor Benedetto stated that this is a rare story in how one of the biggest public universities in the world worked with a rather small Phoenix based Christian university to advance both of their missions, in a community-minded way that will spur economic and workforce development. Arizona Christian University (ACU) will use the next five to six months to complete its move to the former Thunderbird School of Global Management campus in Glendale, AZ.

Chancellor Benedetto played a short video for the committee. He reported that growth will be the operative word on their campus for many years to come. ACU is excited about the growth in their campus size, growth in their financial budget, growth in the number of academic programs and buildings they are inheriting, growth in the number of employees and workforce, and growth in the number of

students they hope to enroll in the future. Chancellor Benedetto stated that two innovative and entrepreneurial presidents made this happen. Dr. Michael Crow of Arizona State University (ASU) and President Len Munsil of ACU. He then introduced President Len Munsil.

President Munsil stated that he wished the committee could have heard ACU students' reaction to this video. He commented that ACU is grateful to so many people and organizations who helped make this happen, including the entire ASU Team, the City of Phoenix, and the City of Glendale, who has been incredibly welcoming.

President Munsil said that as much as they loved their campus in Phoenix, they were landlocked at about 20 acres. ACU is excited about what is to come over the next few months. President Munsil stated that eight years ago, when he became president, ACU was known as Southwestern College, and there were about 400 students. ACU has transitioned from a bible college that turned out full-time ministry pastors, missionaries and some teachers, into a well-rounded Christian liberal arts university. He noted that they now have political science, and pre-law graduates. ACU also added a biology program in pre-med with a number of doctors coming out of the university. President Munsil stated that ACU is a distinctive school with a strong Christian purpose and a service element that permeates everything they do.

President Munsil stated that in the last two years, U.S. News and World Report has ranked ACU as the best college. ACU has worked to increase the quality of the academic, spiritual, athletic, and extracurricular experiences for their students. Those efforts are now beginning to be recognized, as ACU is winning a number of national awards for excellence in the small college sphere. He added that ACU has an excellent athletics department and over the last two years, they have had the opportunity to play against division one teams.

President Munsil said that moving to Glendale means going from being landlocked at 20 acres, to having the opportunity to grow to 68 acres and having three and a half times the square footage of buildings, which gives ACU the opportunity to do what they could not do before at the Phoenix location, and that is to grow. He noted that back in the eighties, there were community colleges in Arizona and three state universities. There are now more educational opportunities emerging, including Embry-Riddle in Prescott, Mesa Benedictine University, Ottawa University's undergraduate program, and Park University in Gilbert. He

commented that having a well-educated citizenry is important and there are now several small college options available.

President Munsil stated that ACU's business program is its largest program with the most graduates and added that ACU will contribute much to the economy, including job creation. He is excited about what the students will receive, but also for what ACU will contribute to the community, as they are able to grow and increase their number of graduates.

Ms. Angela Creedon from ASU shared with the committee what is going to happen with the remainder of the land. She reported that ASU acquired the Thunderbird property in 2015. At that time, ASU made a commitment to its students and to the alumni to take three years to study the property. In 2018, ASU had over 40,000 Thunderbird alumni. The transaction that took place with ACU left ASU with 72 acres surrounding the ACU property. She noted that ASU is working closely with the City of Glendale to rezone the property to multi-family. This property will go to market in approximately one month.

Ms. Creedon showed slides of what will occur in Downtown Phoenix with the new Thunderbird building that will be located at Second Street and Polk. The proceeds from the land that ASU is selling in Glendale will be utilized for construction of the Thunderbird building with its labs and conference areas.

Ms. Creedon stated that the undergraduate programs currently occurring at the West Campus would stay at the West Campus. She reported that ASU's enrollment at the West Campus in Phoenix has grown 35 percent over the last two years. ASU anticipates that the programs in Phoenix will continue to grow as well. It has yet to be determined what ASU will do with the multi-family zoned property on Cactus that they exchanged with ACU. ASU is excited about the future of both properties and looks forward to them growing and developing. ASU is working closely with both the City of Glendale and with the City of Phoenix.

Chair Meck asked if there were any questions.

Councilmember Ray Malnar expressed Glendale's excitement about ACU moving to the city and stated it is a win for all parties involved. Glendale is looking forward to the future land development, working with ASU to get the land ready for development, and having ACU classes starting up in the City of Glendale this fall.

Ms. Creedon stated that Councilmember Malnar has been a tremendous support for both ASU and ACU, as well as helping them communicate with the residents and other involved parties.

There being no further comments or questions, Chair Meck thanked the speakers for their presentations.

7. Updated Memorandum of Understanding to Improve Arizona's National Competitiveness in Grant Making for Economic Development.

Chair Meck invited Ms. Denise McClafferty to give the committee an update on the Memorandum of Understanding (MOU) to improve Arizona's national competitiveness in grant making for economic development.

Ms. McClafferty said that in the EDC agenda packet are two University MOU's. The original one signed back in 2013 and the updated MOU that MAG is proposing today. She reported that in 2013, MAG signed an MOU with five educational institutions in Arizona to help secure local government support and to ensure national competitiveness. These educational institutions included Arizona State University, Maricopa Community Colleges, Northern Arizona University, what used to be the Thunderbird School of Global Management, and the University of Arizona.

Ms. McClafferty stated that this effort began when MAG heard that ASU was unsuccessful in securing a significant grant because of the lack of local government support letters. Following the signing of the 2013 MOU, MAG has provided several letters of support for ASU on various grants. MAG had a few of its elected officials on the EDC participate in an interview for a grant that ASU successfully obtained.

Ms. McClafferty said that this is highly competitive environment, and the MAG EDC understands the importance of local government support and providing a quick turnaround for support letters, which can be critical to the success of a grant. Since the 2013 MOU was signed, the Pima Association of Governments (PAG) formed the Economic Vitality Advisory Committee, which is similar in focus to the EDC. She stated that MAG staff was contacted by PAG regarding their participation in the University MOU and the opportunity for Pima Community College to also join the partnership. MAG staff supports this partnership and believes that it will provide

more opportunities to assist with the southern Arizona educational institutions. Ms. McClafferty stated that to reflect these changes, the MOU has been updated, and MAG is requesting the committee's recommended approval. It is anticipated that this new MOU will move forward to the Regional Council for approval at its January 30, 2019, meeting.

Chair Meck asked if there were any questions or comments. There being no questions or comments, Chair Meck requested a vote. Chair Meck then asked for a roll call of those on the phone. Councilmember Randy Keating, Mayor Michael Levault, Councilmember Ray Malnar, Councilmember Nancy Smith, and Ms. Marisa Walker voted yes. The Committee voted unanimously to recommend approval of the University MOU.

8. Report on the Sun Corridor Transportation Summit

Chair Meck introduced Mr. Eric Anderson to report on the Sun Corridor Transportation Summit.

Mr. Anderson stated that the Sun Corridor Transportation Summit, which was held as part of MAG's Joint Planning Advisory Council (JPAC) with MAG colleagues from Central Arizona Governments, Central Yavapai Metropolitan Planning Organization, Pima Association of Governments and the Sun Corridor Metropolitan Planning Organization. The purpose of the Summit was to discuss the need for more transportation funding in Arizona.

Mr. Anderson said that there were 116 attendees at the Summit, which was moderated by Mr. Mark Lodato, ASU Cronkite School Associate Dean, Associate General Manager for Innovation and Design. Mr. Lodato did a great job keeping the session moving. The keynote speaker was Mr. Edward Mortimer, Vice President of Transportation and Infrastructure, from the U.S. Chamber of Commerce. Mr. Mortimer spoke to the importance of the link between transportation and economic development, and how nothing moves without transportation. He stated that Mr. Mortimer also provided insight into what might occur in Congress this year. The U.S. Chamber has a four-point program available on their website that focuses on policy development in transportation. Mr. Anderson commented that one of the more interesting things that Mr. Mortimer said is that there is an active discussion in Congress about a federal gas tax increase of up to 25 cents on its current base of 18.4 cents to be phased in at 5 cents per year.

Mr. Anderson said that as part of the program, JPAC invited four business people to talk about the importance of transportation to their companies and to their economic development well-being. The speakers included Mr. Tim Beer from Raytheon Missile Systems; Yavapai County, Board of Supervisor member Mr. Jack Smith, who was formerly in charge of transportation and distribution for Ace Hardware; Mr. Pat Wesselman, Site Director from Frito Lay in Casa Grande; and Martin Harvier, President of the Salt River Pima-Maricopa Indian Community.

Mr. Anderson stated that he gave a presentation on transportation funding. He said that he began with a hypothetical statement from a hypothetical governor that read: "The policy of the state of Arizona is to reduce funding for streets and highways each year from this day forward." He reported that Arizona's gas tax is fixed at 18 cents per gallon and the state has effectively decreased the funding for highways and streets every year since 1990. The combined impact of inflation and higher fuel economy of vehicles in Arizona is now in what is the 19<sup>th</sup> year of decreasing the revenues available for Arizona's basic transportation system.

Mr. Anderson showed another slide comparing the fuel economy of the 1991 Ford Taurus, which was the highest selling vehicle in 1991. The Ford Taurus received about 19 miles per gallon compared to the fuel economy of a 2018 Honda Civic, which gets about 35 miles per gallon. Make a few adjustments for inflation and today's driver of the Honda is paying 70 percent less on a per mile basis than the driver of the 1991 Taurus. This makes it difficult to keep up with basic road maintenance.

Mr. Anderson stated that the change in per capita spending in Arizona for the General Fund has increased by \$525 per capita since 1990. Over half the Highway Users Revenue Fund (HURF) revenues come from gas and diesel tax revenues. The rest comes from a vehicle license tax and registration fees. HURF has only gone up \$24 on a per capita basis. There is a large disparity between the other components of what makes the State of Arizona work, which includes education at \$262 per capita, health and welfare at \$187 per capita, and corrections and public safety at \$83 per capita. He noted that transportation has been shortchanged over the years and this is causing tremendous problems.

Mr. Anderson stated that nationwide, the gas tax is at about 34.2 cents compared to 18 cents per gallon in Arizona. If the gas tax of 1991 were indexed to inflation, Arizona's gas tax would be right at the national average of 34 cents per gallon. He

stated that every penny of gas tax and diesel tax generates about \$38 million per year in the state of Arizona. Half of the money goes to the Arizona Department of Transportation for maintenance and improvements on the state highway system, and the other half goes to cities, counties and towns in Arizona for basic street maintenance and improvements. Arizona has not kept up with inflation and the state is falling further and further behind.

Mr. Anderson said that "We Cannot Sit Idle" was the theme of the Summit. There are many reasons that this is true. For example, there is a \$75 billion cost nationwide to the trucking industry due to delays, which is approximately ten percent of trucking revenues. Arizona's number is probably close to the national average. For Phoenix and Tucson commuters the annual cost of delays due to increasing congestion and time stuck in traffic is approximately \$4.6 billion. He reported that the I-17 is closed every other week and the average closure is 180 minutes. In addition, the I-17 has 400 accidents per year, with an average of seven fatalities per year. Mr. Anderson stated that once again, we cannot sit idle. He emphasized that there is no money to construct the major highway projects in the state, including improvements to I-17, I-10 from Phoenix to Casa Grande, I-10 improvements to California, I-40 improvements across the state, I-11, and the north/south freeway in Pinal County. He commented that if something is not done soon, Arizona will lose its global competitiveness from an economic development perspective.

Mr. Anderson stated that the good news is that this presentation and the Summit generated quite a bit of discussion. MAG has heard that there is now talk about trying to find new revenue sources for the highway revenue fund. Unfortunately, the Transportation Summit occurred the week after a \$32 safety fee was announced in the media, which prompted quite a bit of discussion.

Mr. Anderson stated that according to local and public opinion surveys and national data, when it comes to congestion, Maricopa County is relatively good compared to peer cities. This is due to Proposition 400, which is now generating about \$450 million per year in local taxes. Examples of local taxes are the City of Phoenix's \$.07 tax, Glendale's dedicated transportation tax, and others that generate \$750 million a year in transportation revenue just in Maricopa County that are used to improve transportation systems. However, if you go outside Maricopa County to I-10 or I-40 where all the freight is coming into Arizona from California, lack of funding is a larger issue and there will continue to be increasing volumes of vehicles, both passenger and freight. There are many options on how

revenues can be raised, but unfortunately, they all require tax increases. Mr. Anderson stated that public partnerships come up as an option, but that means the State would need to have toll-roads and other things that have other consequences. Transportation investments are bipartisan issues, since everyone uses transportation. He added that nothing moves without transportation, and Arizona has to do a much better job in making sure that there is adequate revenue to ensure a good, safe, and secure system to move both people and goods.

Mr. Tony Bradley stated that the cost of construction since 1990 has increased. ADOT's last report showed this as a \$62 billion problem statewide. Arizona is fortunate in Maricopa County with Proposition 400 and MAG has done a great job with the money. He noted that when speaking about transportation, it is important to look 20 to 40 years into the future. The state needs to solve these problems today in order to be competitive in the future. Mr. Bradley stated that if we do not tackle these problems now, the state will fall behind and it will take longer to get caught back up. He added that these conversations are had every year at the legislature. There is a \$6.7 billion cost of congestion for trucking in Arizona. A small investment now will save consumers much in the long run. Mr. Bradley stated that the gas tax is the most pure user fee there is, the more you drive the more you use, the more you pay. Unfortunately, it was called a tax, which is a non-starter for many people. He pointed out that there are a number of conservative states who have increased their gas tax over the last ten years.

Mr. Anderson gave an example that construction costs to build Pima Freeway were about \$32 million per mile back in 1991. He added that South Mountain cost about \$77 million per mile with construction beginning in 2015.

Mr. Steve Betts stated that there has been discussion in Washington about an infrastructure package, which most likely would have some kind of a matching element to it. He asked if Arizona has anything to meet that match.

Mr. Anderson stated that when the President talked about the infrastructure package last year of \$1.5 trillion, they were talking at the time about reversing the match requirements from 80 percent federal and 20 percent local to a 80 percent local and 20 percent federal match. Mr. Mortimer shared with the attendees at the Summit that there is now discussion that the 20 percent federal match probably needs to go up, perhaps closer to 50 percent. Mr. Anderson stated that the bottom line is that the federal government wants to encourage local and regional funding, and in many cases in the infrastructure package last year, Washington talked about

only counting new revenues that have been put in place over the last couple of years. MAG does think that the new package will be a lot more reasonable. He recommended there is no doubt that Arizona would need additional state and regional money to match any kind of federal program that is unveiled.

Chair Meck asked if there were any questions or comments. There were none.

9. Request for Future Agenda Items

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

10. Comments from the Committee

Chair Meck 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, February 5, 2019, at the MAG office.

Adjourn

Chair Meck asked for a motion to adjourn. Councilmember Nancy Smith made a motion to adjourn the meeting and Mayor Gail Barney seconded that motion. The motion carried unanimously and there being no further business, the Economic Development Committee meeting was adjourned at 12:31 p.m.

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Chair

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Secretary