

Economic Development Council

Meeting Minutes

October 4, 2018 • 10:00 AM • Little America • 2515 E. Butler Ave. • Flagstaff, AZ

Presiding Officer – Paul Watson, Chairman

Attendees	Present/Absent	Number of Absences in 2018
Paul Watson, Chairman	Present	0
Rich Bowen, Vice-Chairman	Present	1
Paul Ramsey, Chair-At-Large	Present	1
Jodie Filardo, Immediate Past Chair	Present	2
Jesse Thompson, Executive Member	Present	1
Sharon Adams	Present	1
Art Babbott	Absent	2
Wendy Bridges	Present	0
Becki Christensen	Absent	1
Michelle Conway	Absent	2
Carol Curtis	Absent	1
Eric Duthie	Absent	2
Paul Ferris	Present	0
Bruce Greco	Absent	2
Linda Hatch	Absent	1
Richard Heath	Present	0
Keith Johnson	Present	1
Steve North	Present	1
Lora Lee Nye	Present	1
Julie Pastrick	Present	1
Kelly Patton	Present	3
Norman Perry	Absent	1
Casey Rooney	Present	1
Ed Steinback	Absent	3
Jim Wurgler	Present	0

*Excused Absence

Guests: Morgan O'Connor, AZ Department of Environmental Quality
 Travis Barnum, Arizona Department of Environmental Quality
 Michele Ralston, Assistant to Coconino County Supervisor Art Babbott
 Susan Brown, Coconino County Facilities Director
 Janet Dean, APS
 JunJun Liang, Town of Tusayan

Lacosta Johnson, RESCARE

Staff: Teri Drew, NACOG Regional Director
Julia Sawyer, Executive Assistant

I. Call to Order, Welcome and Introductions

Chairman Paul Watson called the meeting to order at 10:08 AM. He called for introductions around the table, beginning with those on the phone. All introduced themselves. Regional Director Teri Drew acknowledged Chairman Watson's birthday, all sang "Happy Birthday".

II. Pledge of Allegiance

Chairman Watson called on Paul Ramsey to lead the Council in the Pledge of Allegiance.

III. Approval of Minutes – August 2, 2018

Chairman Watson asked for comments or questions on the minutes. **Casey Rooney made a motion to approve the minutes from August 2, 2018 as drafted. Jodie Filardo seconded the motion. The motion carried unanimously.**

IV. Chairman's Report

Chairman Watson began his report by announcing that a survey was sent out earlier in the week to the members of the EDC. He asked everyone to follow the link to complete the survey online, noting that the purpose of the survey is to better understand the needs of the Council and to develop a better experience at EDC meetings.

Chairman Watson asked everyone to consider sharing a success story from their community as a presentation to the next meeting. Ms. Drew asked if anyone was interested to send the story directly to Executive Assistant Julia Sawyer at least two weeks prior to the next meeting. Chairman Watson then reported the recently completed feasibility study that Navajo County did with the Assistance to Coal Communities (ACC) Grant, which concluded with recommendations to diversify Navajo County's economy, as well as some case studies that they received. He noted that he will share at a future meeting as his success story, and encouraged others to also share their success stories. With that Chairman Watson concluded his report and turned the meeting over to Ms. Drew for the Director's report.

V. Director's Report

Ms. Drew began her report by thanking Jodie Filardo and the Town of Clarkdale for hosting the last Regional Council meeting and a lovely reception at the Copper Museum in Old Town Clarkdale. She shared how pleasant the venue was and complimented Ms. Filardo on the successful event.

➔ **Program Update**

Ms. Drew reported that this round of ACC grants is at the end of the cycle, and the Hope Tribe applied for two grants – one by the Hopi Tribe Economic Development Foundation for a business incubator and the second one for a grant to study the expansion of agriculture on the reservation, applied for by the Tribe.

Ms. Drew also reported that Supervisor Art Babbott's presentation from earlier this year, a Proof of Concept for wood products presentation to EDA, has gone on to Washington DC for review. This EDA grant application was moved from Public Works to Innovation Strategies funding. Ms. Drew noted that this is a positive update, and

asked Michele Ralston if she had any further updates. Ms. Ralston noted that they should have a decision by December.

Ms. Drew remarked on a conversation with the Seattle Region EDA representative Jacob Macias, noting that he encourages any pending Public Works projects to be submitted as soon as possible for funding, as there is a backlog of some 240 projects pending as carry-over from last year.

Ms. Drew then reported on the progress of the Coal Community White Paper and Crosswalk Training video. The Crosswalk Training Video, as previously presented to the EDC, is designed to target the existing skills of the coal-related industry labor force and match these individuals with open employment opportunities that require their existing skills, in order to avoid unemployment. She reported that she presented the White Paper to the Governor's Workforce Arizona Council Executive Committee, and Carol Curtis later presented to the full Council. There will be a meeting at the end of October to develop the "ask" for the Coal Communities needing assistance from the state. Ms. Drew remarked that the members of the Workforce Arizona Council were not aware of the need to assist in layoff aversion in Northern Arizona and the economic impact of the loss of the coal industry. She noted that the members of the Governor's Council are very qualified individuals, CEO's of large companies, but there is currently no representation for Northern Arizona on the Council. Ms. Drew noted that there are seats available on the Workforce Arizona Council and encouraged nominations.

Ms. Drew then reported on an opportunity to lead a Coalition to bring funds to Northern Arizona for an Environmental Protection Agency (EPA) Route 66 Coalitions Brownfields Assessment Grant to bring funds to Northern Arizona for Coalition members. The Coalition members are Navajo County, Winslow, Flagstaff, Coconino County, Yavapai County and Mohave County. The grant will be for approximately \$600,000 and will be disbursed to communities within the coalition region; the region would include any communities within the county or designated area. Since the NACOG region includes Apache County, Apache County could also be included as a qualified recipient. Ms. Drew reported that NACOG has agreed to be the lead for this effort. Communities with qualifying projects submit their project to a review committee to be assessed for readiness and practicality for funding. It was noted that there had previously been a Route 66 grant, and Ms. Drew confirmed that this is a continuation of that effort. Comments followed regarding the grant and progress.

Ms. Drew paused to congratulate Vice Chairman Rich Bowen on his retirement with the presentation of a decorated cake. A round of applause followed, and photos were taken of Mr. Bowen, Chairman Watson and Ms. Drew.

Ms. Drew then reviewed the annual Goals and Priorities List for 2019 – a list of projects from communities that are interested in applying for EDA grant funding during the year 2019. Ms. Drew noted the draft list will be sent out in October to the EDC members as well as the Regional Council members for review, addition and/or deletion of their projects. Ms. Drew requested additions/deletions be submitted to NACOG staff by November 15, 2018 for preparation of the list for approval at the December 6, 2018 meeting of the EDC. She asked for questions or comments, there were none.

➔ **2020-2025 CEDS Process Outline**

Ms. Drew then moved on to begin discussion on the planning process of developing the Comprehensive Economic Development Strategy (CEDS) for 2020-2025, noting that this is the primary function of the Economic Development Council and a major requirement to be an Economic Development District (EDD) through the U.S. Department of Commerce. Ms. Drew noted that research has been done to determine the most current rules and processes for developing a CEDS, and has concluded that the processes are pretty much the same as before. She paused to thank Arizona Public Service (APS) for their financial support of the CEDS process over

the past two decades, noting that she is in discussion with EDC member Kelly Patton of APS for support of this newest edition. Ms. Drew reminded the Council that in the past Peggy Fiandaca has facilitated the CEDS process for the NACOG EDD, but Ms. Fiandaca has since retired. Discussions are in process to identify a new facilitator, which will be announced at a future time. Ms. Drew noted that the planning process takes about a year to complete, and will be accomplished during 6 scheduled meetings. She noted that the Tourism Committee regularly sets their annual work plan based on the previous CEDS that they had nothing to do with, and that now is everyone's opportunity to develop a CEDS that is relevant for the current economy, opportunities and challenges. Ms. Drew asked for input from the Council prior to the CEDS Kick-Off regarding providing "listening forums" from partners in the state to determine what their 5-year goals and projections are as it relates to the NACOG EDD; partners such as the Arizona Department of Transportation (ADOT), Arizona Office of Tourism (AOT), and Arizona Commerce Authority (ACA). Ms. Drew acknowledged ACA for their sponsorship and contribution in the last CEDS and thanked Keith Watkins for their continued interest in the NACOG EDD. Ms. Drew noted that the effort of the new CEDS will not be duplication of the partner efforts, but add value and to fill the gaps for our four counties. She paused for response and feedback from the Council. Coconino County Supervisor Jesse Thompson recommended appointing a tribal representative to sit on the Committee. Jodie Filardo commented on the usefulness of the listening forums the last time as she participated on the CEDS committee.

- **Committee Appointments**

Ms. Drew noted that the CEDS committee has been a mix of Economic Development Council members as well as outside community members, and that four individual from outside of the EDC have already expressed interest in being a part of the process for the upcoming CEDS. She also noted that the EDC can be the CEDS Committee, if they so desire, and dedicate more of the meeting time to CEDS development. Chairman Watson recapped the key being the presentations that will be given and the eventual document itself that will be the outcome, regardless of the composition of the CEDS committee. A question was asked if Ms. Drew is looking for committee members, to which she responded that first she wants to know if the EDC wants to be the committee or if a separate committee should be appointed, made up of volunteers from the EDC and others from the outside. She also suggested that the CEDS committee should not be large, 20 or less would be ideal. Kelly Patton noted the importance of having a good cross-section of the NACOG partners represented. Rich Heath volunteered to sit on the CEDS committee, citing his experience in the past in CEDS development for several years. Ms. Drew asked for any other volunteers. Paul Ferris volunteered. Ms. Drew expressed appreciation for those volunteering and noted there would be six meetings beginning in February 2019 that would coincide with the scheduled EDC meetings. She asked the Council to be sure and mention the CEDS process to their community leaders as well. With that Ms. Drew concluded her report. Chairman Watson recapped that the "Listening Forum" presentations will proceed. He also expressed interest in someone from the Navajo Nation to come and share what's happening with the Nation. Supervisor Thompson noted that he has reached out to the Nation to see if someone could participate. A question was asked regarding when the kick-off will be, and Ms. Drew responded that, while planning will begin early, the first meeting will be in February, with a final document being presented to the EDC in December 2019, and to Regional Council for approval later that month. There were no further comments.

VI. Membership Committee Report

Chairman Watson moved to the Membership Committee report. He reported on behalf of Chairman Curtis that a membership renewal was recommended for Casey Rooney. He called for a motion for approval of Casey Rooney, **so moved by Jim Wurgler and seconded by Jesse Thompson.** Chairman Watson called for discussion, there was none. **The motion carried by unanimous vote in favor.** Chairman Watson then reported the resignations of Flagstaff Mayor Coral Evans, who felt that time commitment for the EDC was difficult, and from Kim Johnson of the City of Page, who has left employment with the City of Page. He also reported that Bruce Greco, an Apache County representative, has also submitted his resignation as he is no longer representing Apache County. Chairman Watson noted that no action was necessary, and thanked each of those individuals for their participation.

Chairman Watson reported that the Membership Committee discussed three new membership applications that are applicable to the two new vacancies and recommend the application of John Saltonstall as a new member to complete the term of Mayor Evans, and Michael Celaya's application as a new member to complete the term of Kim Johnson. These recommendations were made following consideration of the vacancies and the areas they represent. Chairman Watson called for **a motion to approve the membership recommendations, so moved by Julie Pastrick and seconded by Wendy Bridges.** Chairman Watson called for comments. Ms. Drew noted that John Saltonstall will be completing the term of Mayor Evans at her recommendation, and Michael Celaya will be assuming the term of Kim Johnson at the recommendation of Mayor Diak of the City of Page. Chairman Watson called for a vote – **the motion carried unanimously.** Chairman Watson concluded his report on behalf of the Membership Committee by noting that the Committee has also received a Change of Status letter from Rich Bowen, who has retired from Northern Arizona University (NAU) and is now a principal of the Genterra Group, a private sector organization. This was not an action item. Ms. Drew thanked the Membership Committee for meeting twice this week and she noted that some discussion was had regarding possible clarification of membership requirements and authorities as they are written in the EDC Bylaws, which will be brought to another meeting in the future.

VII. Tourism Committee Report

Chairman Watson moved to the next agenda item and called for a report from the Tourism Committee. Ms. Drew announced that Tony Alba is on the phone and will represent the Tourism Committee in Chairman Conway's place today. Mr. Alba reported that the Tourism Committee has been making progress on their goals and tasks, and noted that a survey has been sent out to the Northern Arizona and state tourism partners to gather information on our local, regional and state representatives on what they have to offer for tourism promotion. This information will be compiled and presented to the EDC in the near future. The Tourism Toolbox is being developed and will soon be unveiled. Mr. Alba noted that there are a few items that he is waiting on to complete the Toolbox task. He hopes to add regular information from the Arizona Office of Tourism (AOT), such as the weekly Tourism Tuesday feature, which shares events and marketing tips. Mr. Alba also noted that the committee is also gathering information from AOT to assist with the development of an economic impact statement which will help communicate tourism as an economic driver. Mr. Alba announced that Maya Azzi of Local First Arizona Foundation has pursued other employment opportunities and has resigned from the Tourism Committee. Local First Arizona recommended Liza Noland as Maya's replacement, and the Committee voted to recommend her to the EDC for approval of Ms. Noland as a member of the Tourism Committee. Mr. Alba requested consideration from Chairman Watson. Chairman Watson recapped the Tourism Committee's recommendation to approve Liza Noland of Local First Arizona to membership in the Tourism Committee, and requested a motion and a second. **Jodie Filardo moved to approve Liza Noland for membership to the Tourism Committee, seconded by Casey Rooney.** Chairman Watson

called for discussion, having none he called for a vote. **The motion carried unanimously.** Chairman Watson asked Mr. Alba to congratulate Ms. Noland on her appointment. Mr. Alba concluded his report by stating that the Membership Committee will be meeting in person on November 15th in Sedona to begin to develop the Tourism CEDS 2020-2025 goals, as well as discussing possible workshops for the coming year. Some of the workshop ideas so far include the Arizona film industry, the travel trade industry, a social media panel and or speakers. Ms. Drew thanked Mr. Alba for the good report. Chairman Watson asked for questions or comments, there were none.

VIII. Economic Policy Institute Presentation

Chairman Watson turned the meeting over to Rich Bowen for a presentation on NAU's Economic Policy Institute. Mr. Bowen began by thanking Ms. Drew for the cake presentation. He noted that he retired from NAU in August, but didn't go into full retirement as he has transitioned into other fields. He reflected on his work with many of the members of the EDC on various projects, noting Julie Pastrick's work on behalf of rural Northern Arizona. Mr. Bowen expressed his desire to remain on the EDC following his retirement in order to stay engaged in economic development. He shared his desire to remain active with the Arizona Association of Economic Developers (AAED), noting that AAED will be hosting their Fall Forum here at Little America in two weeks.

Mr. Bowen shared information about his new enterprise, Genterra Group. He acknowledged Keith Watson and ACA for their assistance with Genterra Group. Mr. Bowen reported that this venture started a couple of years ago when large European healthcare conglomerate out of Spain, Sanitas, who worked in South America was looking to come to United States to develop high-end primary care facilities, working with insurance companies to make larger investments in primary care than in critical care with emphasis on better primary care in order to lessen the need for critical care. He noted approximately 300 facilities will be built in North America. Mr. Bowen had the opportunity to meet with Sanitas along with ACA, to try to convince them they should put their North American headquarters in Arizona. Although Sanitas has not yet established a headquarters in the U.S., Genterra is serving as their master developer – finding locations, bringing in financing, building the facilities and leasing long-term to the conglomerate. Genterra was formed by Mr. Bowen and Tim Kenney, Kenney Construction Services, and is based in Phoenix and Flagstaff. Mr. Bowen noted that this venture has ramped up considerably, with 16 projects going at this time. He shared other projects that Genterra is also involved in around the state. He noted that Genterra is also involved in university development in several areas and is a partner in economic development.

There were some technical difficulties with projecting Mr. Bowen's presentation. Some questions were asked related to Genterra's national projects, which Mr. Bowen noted projects in Florida. He elaborated further on some of the aspects of Sanitas and their healthcare approach.

Mr. Bowen then shared his continued connection with NAU and his desire to see the university thrive and become a resource for Arizona. Before he left NAU, the leadership developed an Economic Policy Institute. This was developed to work with the current policy research and the Center for Business Outreach. Mr. Bowen shared how he looked into other competitors to see their approach to economics, noting that the Governor and legislators don't look to those agencies to develop policy. Seeing a place in the market for an Economic Policy Institute, funding was secured and the Institute will soon be launched, a director is being sought. Mr. Bowen concluded that he would be happy to talk with anyone who would like to know more on how to use the Institute as a resource for communities.

IX. Arizona Commerce Authority – Opportunity Zones Presentation

Chairman Watson thanked Mr. Bowen for his presentation and turned the meeting over to Keith Watkins to share a presentation on Opportunity Zones. Mr. Watkins began by thanking Mr. Bowen for his comments. Mr. Watkins noted that Opportunity Zones have to do with tax laws, although he does not know all of the intricate details surrounding them. They were included in the omnibus bill that was recently passed. The spirit of Opportunity Zones is to take passive investments and convert them into active investments, especially in low income areas of the

country. Every governor recommends certain census tracts in the state to the Department of Treasury. In Arizona there are eligible tracts identified by county and by tribe, and asked the counties for their recommendations for Opportunity Zones. There are 168 identified in Arizona. Mr. Watkins briefly shared the essence of Opportunity Zones, which revolves around capital gains tax. One benefit involves investors putting capital gains from an investment into government opportunity funds at a reduced rate, allowing deferment of capital gains taxes. Another benefit comes from those invested funds being put into opportunity zones as an investment. This type of investment comes with a 1:1 match on improvements. Once the investor holds the property for 10 years, capital gains for that project are forgiven. Mr. Watkins noted that for each Opportunity Zone a marketing opportunity exists for it, and encouraged any areas with opportunity zones to market it. He also noted that there are time constraints on the money regarding reporting and performance measure timelines. Mr. Watkins encouraged any issues with opportunity zones to get them resolved. Certain uses are prohibited for investments, “sin” business, those involving gambling, liquor, etc. Mr. Watkins called for questions. Jodie Filardo asked for the definition of opportunity zones, noting that Camp Verde received that designation in the Verde Valley. She asked if expansion of those zones is a possibility so that other communities could participate, to which Mr. Watkins replied it is not likely. Other comments followed regarding local opportunity zones. Paul Ramsey noted that in St. Johns the opportunity zone split the city right down Main Street. Mr. Watkins noted that it happens sometime, depending on the census tract of the area. Continued discussion regarding the same followed. A question was asked regarding whether Opportunity Zones affect areas designated as Enterprise Zones, to which Mr. Watkins replied that enterprise zones are an award, but opportunity zones closely reflect the rules for new market tax credits and their requirements. It was noted that the AZ Prospector website, a business attraction tool, now has opportunity zone overlays on it as well as the ACA website. Other discussion followed regarding the same. Mr. Watkins concluded by suggesting communities learn more about opportunity zones and use them as a marketing advantage. Suggestions to leverage nearby opportunity zones for marketing regionally followed. Chairman Watson thanked Mr. Watkins for his presentation.

X. Brownfields Presentation

Chairman Watson turned the meeting over to Travis Barnum for his presentation on the Arizona Department of Environmental Quality Brownfields Program. Mr. Barnum identified the Brownfields definition, real properties where the expansion, redevelopment, etc. He noted that blight properties bring down the value of nearby properties and attracts vagrants. He showed a power point presentation on what types of properties qualify it as a brownfields property. He noted that identifying it as a brownfield is positive as it gets registered. He briefly touched on benefits, reducing environmental hazards, etc. sharing photos of local areas and how brownfields funding can improve and help a community. He also shared other examples of projects that have been undertaken.

Mr. Barnum described the process of funding through EPA and ADEQ. He noted that grants from ADEQ are non-competitive, while grants from EPA are competitive. He noted that grants through DEQ are available year round, while EPA has specific application periods. A question was asked if this addresses illegal dumping, Mr. Barnum noted that it depends on the type of materials are involved. He also noted that brownfields funds are non-matching and don't require payback. Other questions and comments followed.

Mr. Barnum continued with the process for grants, noting Site Evaluation Assessments for Phase 1 and Phase 2 is asbestos surveys and lead-based paint inspections. He reported the \$20.9 billion in direct travel spending as a benefit to brownfields projects. The funding is actually a way to kick-start a project rather than to fund it entirely. The property must be eligible and there must be a plan. Mr. Barnum briefly touched on the eligibility requirements and demonstrated the 7 projects being planned during Fiscal Year 2019.

Mr. Barnum concluded his presentation and introduced Morgan O'Connor as the new liaison. A question was asked if federal or state properties were eligible, Mr. Barnum said they are not eligible. Keith Watkins spoke highly of the Brownfields offices and encouraged communities to call. Other general questions and comments followed regarding the Brownfields program. Mr. Barnum concluded his presentation.

Chairman Watson recessed the meeting for lunch.

XI. Member Comments

Following the recess, Chairman Watson opened the floor for Member Comments. Jodie Filardo announced that Clarktober Fest is this coming weekend, rain or shine. She invited all to come.

Kelly Patton reminded the Council that the APS Prospector Tool is still available to use to gather information for business attraction and announced some ramped up marketing efforts to that regard. She also mentioned Prop 127 on the upcoming ballot regarding information available for voting “no” on the measure. Much discussion followed regarding the proposal and the influence of California on Arizona’s energy plan.

Prescott Valley Vice Mayor Lora Lee Nye announced that the annual that the Gold Fever Days had to be cancelled for several years because of too much rain, but the good news is that there is less complaining about not enough water. She also announced that Prescott Valley’s long-time Mayor Harvey Skoog is retiring, and the Town is planning a retirement gala celebration for him. She invited all to get tickets.

Wendy Bridges announced that United Air service has launched at Prescott Airport, with flights to Los Angeles and Denver. Seats are currently \$50. She also shared a new economic development magazine that Prescott has recently published, and she acknowledged NACOG for taking out a full page in the publication. She noted that real estate agents are using this document, as are manufacturers in their recruitment efforts. The document is also available online, and she offered to connect other communities with the publisher that they worked with.

Keith Johnson reported on behalf of Pinetop-Lakeside, noting an upcoming hot air balloon festival in October, and the White Mountain Santa Adventure starting in mid-November.

Supervisor Jesse Thompson reported on the collapse of Highway 89 near Cameron at Hwy 160. The detour is approximately 200 miles, but ADOT is working on it to resolve the issue. One fatality was reported to the massive sinkhole resulting from heavy rains.

Vice Mayor Nye again announced that a new business is coming into Prescott Valley.

XII. Public Comments

Chairman Watson asked for Public Comments, there were none.

XIII. Adjournment

XIV. Chairman Watson adjourned the meeting at 12:50 PM.