



Economic Development Council Meeting ♦ February 2, 2017

Little America Hotel, Flagstaff, AZ

Members:			(Absences YTD)			Members:			(Absences YTD)		
Sharon Adams	Phone	0	Art Babbott	Present	0						
Rich Bowen	Present	0	Wendy Bridges	Present	0						
Becki Christensen	Absent	1	Karalea Cox	Absent	1						
Carol Curtis	Present	0	Coral Evans	Absent	0						
Paul Ferris	Present	0	Jodie Filardo	Present	0						
Linda Hatch	Present	0	Richard Heath	Absent	1						
Kimberly Johnson	Absent	1	Susan Johnstad	Absent	1						
Steve North	Present	0	Lora Lee Nye	Present	0						
Julie Pastrick	Present	0	Kelly Patton	Absent	1						
Norman Perry	Absent	1	Paul Ramsey	Absent	1						
Casey Rooney	Present	0	John Rueter	Absent	1						
Ed Steinback	Present	0	Jesse Thompson	Present	0						
Paul Watson	Present	0	Steven West	Absent	1						
Matthew Williams	Present	0	Jim Wurgler	Present	1						

Guests: Chip Davis, Deputy Director Northern AZ Office of Congressman Tom O'Halleran
 Steven Flanagan, Congressman Tom O'Halleran's Office, Veteran's Affairs
 Paul Shannon, Director, Arizona Office of Economic Opportunity
 Gabe Loyola, Loyola Associates
 Wayne Fox, Northern Arizona University (NAU)
 Tom Combrink, NAU
 Molly Spangler, Economic Development Director, Sedona
 Levi Esquerra, NAU

Staff: Teri Drew
 Julia Sawyer

A quorum was present.

Call to Order/Welcome/Introductions

Chairman Jodie Filardo called the meeting to order at 10:10 AM and asked for introductions around the table. Sharon Adams was present by phone.

Pledge of Allegiance

Chairman Filardo asked Richard Bowen to lead everyone in the Pledge of Allegiance.

Approval of December 1, 2016 Minutes

Chairman Filardo asked for questions and comments on the minutes from the December 1, 2016 meeting. Hearing no comments, she asked for a motion to approve the minutes. **Lora Lee Nye made the motion to approve the minutes of the December 1, 2016 meeting, seconded by Casey Rooney. The motion carried unanimously.**

Chairman's Report

- **Executive Committee Report**

Chairman Filardo turned the meeting over to Mr. Chip Davis of office of U.S. Congressman Tom O'Halleran. Mr. Davis greeted everyone, and introduced the Director of Veteran's Affairs, Steven Flanagan, who will be joining the meeting following a conference call. Mr. Flanagan will be sharing opportunities available within Veteran's Affairs. Mr. Davis then briefly highlighted his past experiences as Chairman of NACOG 20 years ago, and has recently retired from the Yavapai County Board of Supervisors after 20 years of service. He was most recently hired as the Director of U.S. Congressman O'Halleran's office, responsible for government relations in Northern Arizona, agriculture and economic development. He offered his service to the EDC for matters regarding federal affairs.

Director's Report

- **Program Update**
- **2017 Goals and Priorities**

Chairman Filardo thanked Mr. Davis and then turned the meeting over to Regional Director Teri Drew to present her report. Ms. Drew acknowledged the esteemed guests at the meeting and noted that her time would be largely yielded to them. She did however begin with the 2017 Goals and Priorities List – an access point for Economic Development Administration (EDA) funding, which will be voted on today. Ms. Drew noted that the EDA is funded through the U.S. Department of Commerce, from which the Economic Development District (EDD) is funded. She also noted that the EDD has been very successful in receiving funding for all but 2 projects. Last year's return on investment was the Coconino County POWER grant. Previously, it was noted, the return on investment was \$6 million and \$4 million before that. Ms. Drew noted that the funding for EDA is being considered for cuts this year, potentially eliminating the EDA and offering a \$0 budget. She reported that the Executive Committee had a discussion prior to this meeting regarding a contingency plan should there be no EDA.

Ms. Drew began to review the 2017 EDD Goals and Priorities List. The local policy for EDC notes that an annual review of the Goals and Priorities List will be done. She noted that projects **not** on the list will not be considered for funding. Correspondence was sent prior to this meeting to the EDC as well as Regional Council for review of the current list. Of the responses received, changes were added in **red**. Additionally, anything currently on the lists that is not defended today will be deleted. A question was asked by Casey Rooney about a grant application the City of Cottonwood has been working on, and Ms. Drew noted that this project was added and, with that, asked Chairman Filardo for permission to move forward with the list review.

Chairman Filardo asked if anyone had a project that they did not get to the current list draft, to please look the list over and identify whether their projects are to stay or be deleted. She noted that each item would be opened for discussion. It was noted that the list is in black and red, all black items are to be deleted unless the city/county wishes they stay. Chairman Filardo asked if any of the new red projects are not going to be done within 5 years to please delete them, as they are looking only for projections of 1-2 years.

The categories to be considered are:

- **CAPITAL AVAILABILITY – 1**
- **PHYSICAL INFRASTRUCTURE – 2**
- **SUSTAINABLE ECOLOGICAL RESOURCES – 3**
- **BUSINESS RETENTION AND EXPANSION – 4**
- **ATTRACTIONS OF BASIC SECTOR INDUSTRY – 5**
- **TRANSPORTATION – 6**

- TOURISM – 7
- HUMAN RESOURCES AND SOCIAL ENVIRONMENT – 8
- BASIC COMMUNITY SERVICES AND AMENITIES – 9
- TECHNICAL ASSISTANCE – 10

Following review of each category on the list, Chairman Filardo asked for a motion to approve the items that remain or were placed on the 2017 Goals and Priorities List, **so moved by Linda Hatch, seconded by Art Babbott. The motion carried unanimously.**

At this time, Ms. Drew turned the floor over to Art Babbott to report on a project being considered by Coconino County. Supervisor Babbott reported on Fort Tuthill, infrastructure development. He noted that this was not to be voted on today, but was for informational purposes. The project has support of private investors, and involves a cost of \$2.65 million, of which there is \$450,400 in private and matching funds, and the County intends to apply for EDA funding in the amount of \$1.8 million. The project will be to install a connector sewer line at Fort Tuthill County Park, allowing the County Fairgrounds to connect to the main line within the park. It also includes paving the existing main parking lot, and construction of a multipurpose building and capital improvements at the campground. Supervisor Babbott asked for questions, and Ms. Drew commented they have done a great job on matching funds. Supervisor Babbott noted to Chip Davis his appreciation for support from Congressman O'Halleran. Chairman Filardo acknowledged that this was for information only, and thanked Supervisor Babbott.

Membership Committee Report

Chairman Filardo turned the meeting over to Chairman Carol Curtis of the Membership Committee to report. Chairman Curtis reported that the last meeting did not move forward, but the committee has been working on making the membership application more reflective of the EDA requirements, and the meeting to approve will be rescheduled. Ms. Drew noted that Apache County now has 2 vacancies.

Tourism Report

- **Tourism Forum Update**

Chairman Filardo turned the meeting over to Matthew Williams to report on the Tourism Forum. Mr. Williams noted that Dr. Susan Johnstad asked him to report on her behalf. He had passed around draft forms for sponsorship, a Save the Date, and the registration form. He reported that the theme of the Forum will be Becoming Tourism Ambassadors. The Committee met in Pinetop Lakeside at the last meeting on January 19, and toured the Pinetop Country Club. There will be 20 booths available for chambers/etc. Gift items from local chambers and businesses are appreciated for prizes. Mr. Williams also suggested on behalf of the Tourism Committee that the EDC conduct their October meeting during Forum as a way to boost EDC membership attendance. Chairman Filardo asked for discussion from the Council, the consensus was in agreement to plan to have the October EDC meeting in conjunction with the Tourism Forum. Mr. Williams then asked for questions and discussion. Ms. Drew explained the emphasis on the tourism sector for those guests present, remarking that many locals have not even experienced some of the tourism spots within our own District. She noted that Debra Johnson of AOT will be keynote speaker, as well as David Drennon of AZTLA, and Kimber Lanning of Local First Arizona. She encouraged everyone to be there and to consider sponsorship.

Chairman Filardo asked about membership considerations for the Tourism Committee, and Mr. Williams gave a brief introduction of Cyndie Shafstall, Brian Bressel, Ben Hooper and Richard Heath. Chairman Filardo asked for a motion to approve these 4 individuals for membership on the Tourism Committee. **Wendy Bridges so moved, seconded by Paul Watson. The motion carried unanimously.**

Northern Arizona University EDA University Center Presentation

Chairman Filardo turned the meeting over to Mr. Wayne Fox, assistant Dean of the W. A. Franke College of Business to discuss the EDA University Center, now the Alliance Bank Business Outreach Center. The Alliance Bank Business Outreach Center houses 4 units: the Arizona Hospitality Research Center, the Arizona Rural Policy Institute, the Center for American Indian Economic Development, and the Elder Hostel Road Scholar.

NAU completed a Request for Proposal issued by EDA for the University Center award a few years ago, which is a 5-year grant. The role of the University Center for EDA is to utilize university's resources in pursuit of economic development initiatives. NAU is 1 of 52 universities across the country, and NAU was the only university on the west coast to apply, 1 of 3 who applied nationally. Mr. Fox thanked the Coconino County partners, the Board of Supervisors, Richard Bowen of NAU President Cheng's office, and Alliance Bank for their support with matching funds.

Mr. Fox highlighted the economic contributions of NAU to the state of Arizona in 2014, which included over \$2 billion annually to the Arizona economy. NAU supports over 20,000 jobs in Arizona, which represents 1 out of every 5 jobs in Coconino County. Data shows that every student at NAU contributes \$19,830 on average to the local community per year.

Mr. Fox described some of the economic impact studies performed by NAU, one of which was the impact of the Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) to the Flagstaff economy. Data included \$12 million in local economic activity generated by NAIPTA's FY2016 funding; 170 local jobs supported by NAIPTA; every \$1 of local capital funding leverages \$3.23 from federal sources; \$1.1 million was saved by vehicle owners who used NAIPTA; other benefits included reduced traffic congestion, reduced road maintenance costs and reduced parking demand. Other economic impact studies included the 2010 Schultz Fire, WL Gore, Yavapai-Apache Nation vineyard and tasting room business plan, ECoNA housing survey, and more. One of the recently completed studies was the City of Flagstaff Minimum Wage Study. Discussion followed regarding the Alliance Bank Business Outreach Center's work, noting that data has to be gathered 6-9 months out from the study topic to be accurate, such as the minimum wage study.

Mr. Fox also mentioned that NAU and the Alliance Bank Business Outreach Center also sponsor the annual Economic Outlook Conference, approaching their 42nd conference in November 2017. Mr. Fox concluded his presentation noting that he will be retiring within the next few weeks and he provided contact information for the Alliance Bank Business Outreach center.

WIOA Presentation

Chairman Filardo then turned the meeting over to Gabe Loyola of Loyola Associates to discuss the Workforce Innovation and Opportunities Act (WIOA) of 2014. Mr. Loyola greeted everyone, remarking that his presentation covers a very complicated system in workforce development which is locally driven. The program streamlines accountability measures for performance to all workforce areas and core partners. WIOA Core Programs/Partners include Title IB – Adult, Youth and Dislocated Workers, Title II – Adult Education and Literacy, Title III – Wagner-Peyser , and Title IV – Vocational Rehabilitation. WIOA requirements apply to all Core Partners: Same performance accountability measures, a Unified Local Plan developed and written with core partners; Contribute to One Stop Infrastructure through a resource-sharing agreement; and may develop a Regional Plan with other local areas and core partners.

The State of Arizona adopted the Arizona@Work logo for all workforce development area One Stop Systems. The Governor is the Chief Elected Official for the state, the Arizona Department of Economic Security is the grant recipient and administers Titles I, III and IV. The Workforce Arizona Council (WAC) is the Advisory body to the Governor and is staffed by the Arizona Office of Economic Opportunity. The Superintendent for Public Education is the Chief Elected Official for State Education Funds, the Arizona Department of Education (ADE) is the grant recipient for Title II, and the Board of Education oversees ADE, who subcontracts Title II WIOA funds.

Mr. Loyola explained the organization of WIOA and the breakdown of the 12 local areas statewide. Each local area is certified by the Governor and has a Workforce Development Board (WDB) appointed by the local Chief Elected Officials, such as County Board of Supervisors. These boards are primarily made up of private sector business owner/leaders of optimal policy making authority, as well as the core partners. Local Boards are certified by the Governor every 2 years, and must meet the following criteria: Exceed Performance Accountability Measures and Fiscal Integrity. Mr. Loyola then described the local board composition requirements and board functions, the performance accountability system, and the Local Area Plan contents. The service focus of WIOA through the One Stops is to assist business to prevent layoffs, assisting laid-off workers, training unemployed, assisting individuals in finding jobs, working with veterans, youth and other groups of populations seeking employment.

Mr. Loyola encouraged everyone to participate and collaborate in developing an Economic Planning Region. Some of his suggestions included becoming active by appointment to WAC and to their local WDBs, and by participation in planning and prioritizing business workforce needs. With that he concluded his presentation.

At this time, Chairman Filardo asked Chip Davis to introduce Steven Flanagan, also of Congressman O'Halleran's office, focusing on Veteran's Affairs. He is also the Congressman's representative for the Wounded Warrior Program. He asked Mr. Flanagan to speak about the current focus of his office. Mr. Flanagan, a reserve Navy Master-At-Arms, spoke about the work in getting veterans re-integrated into civilian workforce, utilizing projects such as the Four Forest Restoration Initiative (4FRI). He also highlighted other programs as well. Casey Rooney asked if he was familiar with Vetraplex, a Vets-to-Work organization in Cottonwood. Mr. Flanagan was not familiar with Vetraplex.

Office of Economic Opportunities Presentation

Chairman Filardo then introduced Mr. Paul Shannon, the Director of the Arizona Office of Economic Opportunity (OEO), and asked him to share his presentation. Mr. Shannon greeted everyone and gave a brief history of his background with Flagstaff.

Mr. Shannon shared the vision of OEO, part of the Economic Development Initiative of Governor Ducey – Opportunity For All. The vision is to promote Arizona's strengths, overcome inefficiencies, track outcomes, remove barriers to job growth, and create an environment where all businesses, big and small, can grow and thrive in Arizona.

The OEO was designed to be an analytic powerhouse, driving sustained economic development strategy and strength-based State marketing and business recruitment efforts. The office consists of the offices of the Arizona Commerce Authority, AZ-Mexico commission and Arizona Office of Tourism and Arizona Zanjeros. These offices make up a unified sales force, turning data on competitive advantages into high-impact marketing, business recruitment and growth efforts.

OEO has 2 major areas of focus – identify Arizona’s competitive advantages in tax and regulation and through policy recommendations on taxation and regulatory reform. Opportunity for feedback: <http://azgovernor.gov/redtape> .

OEO creates a competitive advantage through workforce development by: Consolidating existing staff focused on workforce analytics and strategy, contribute to a cycle of continuous improvement through data, development of a statewide workforce that aligns with Arizona’s economic development priorities, supporting the WAC, provide original demographic research and develop labor market information through original research and in collaboration with the U.S. Bureau of Labor Statistics. Mr. Shannon shared the OEO’s website as a resource for data research: www.oeo.az.gov .

Mr. Shannon then spoke about WIOA, and the OEO’s focus on workforce policy and how to create a cycle of continuous improvement through data. WIOA is revolutionary change: it is an economic development program, not social services. Qualified job seekers are what the business customer wants. The intended outcome of WIOA is prosperous communities. It was a bi-partisan act, only 3 votes in congress opposed WIOA. Mr. Shannon remarked that WIOA embraces local control, because the local board is where the interests of the local business community are most directly represented. Mr. Shannon shared the strategic duties of the local board, which includes procurement of the One Stop Operator.

Mr. Shannon discussed the policy discussions that are currently going on between the WAC and the local areas regarding a shared governance role. The law states that the “chief local elected official shall serve as the local grant recipient for, and shall be liable for any misuse of, the grant funds...” (WIOA Section 107 (d)(12)(B)(i)(I)). Also, “The local grant recipient or an entity designated under subclause (II) shall disburse the grant funds for workforce investment activities at the direction of the local board, pursuant to the requirements of this title. The local grant recipient or entity designated under subclause (II) shall disburse the funds immediately on receiving such direction for the local board.” (WIOA Section 107 (d)(12)(B)(i)(I)(III)) Mr. Shannon noted that the OEO has reversed direction on making some of the policies for local areas based on protest from local area directors in response to these definitions in the law.

Mr. Shannon asked for questions. Discussion followed regarding data sources available to municipalities and the breadth of localities within the counties. Mr. Shannon commented that there are ways around data glitches and his office is happy to assist in working through the research. Lora Lee Nye complimented Mr. Shannon on his statement that his office will listen to the local people. Chairman Filardo reiterated the OEO as a resource to the communities represented on the EDC and thanked Mr. Shannon for his presentation. She then paused the meeting briefly.

Member Comments

Chairman Filardo began time for member comments starting with Paul Ferris. Mr. Ferris noted that NACOG Executive Director is now on the Board of North Country Health Care. Mr. Ferris also reported that the City of Winslow is discussing possible land sales, and has started a strategic planning effort for establishing transit between Winslow, Flagstaff and Holbrook.

Steve North noted that Show Low is in the process of having a feasibility study done on a Convention and Events Center, and expects a final report in late March or early April, and will keep the Council informed on its progress. Mr. North also reported that there are a couple of large retail projects underway in Show Low.

Jim Wurgler reported on the potholes along I-40 between Williams and Flagstaff, noting that over the past several months they have become increasingly bad. He made an appeal to the Congressional representation to send funding to repair I-40, citing the tendency to nearly lose control of his vehicle because of the rough road. He noted that the bad roads are a reflection on the government, and encouraged finding more funding. Mr. North chimed in agreement, as did Ms. Drew.

Lora Lee Nye reported a “fascinating” time at Prescott Valley, citing a news article regarding a possible annexation of the Diamond Valley subdivision. She also made comment about the exciting Northern Arizona Suns basketball games. Ms. Nye then noted that Prescott Valley is running out of commercial space to offer businesses. She also reported that 3 large apartment developments have been approved. Unofficial census figures for Prescott Valley report 45,000 in population. Ms. Nye also noted a new Chic-Fil-A coming to Prescott Valley, and a Volvo dealership as well.

Casey Rooney reported that the Arizona Association for Economic Development (AAED), of which he is chair of the Northern Committee, has an event coming up on February 23, 2017 in Prescott Valley on the Economic and Community Benefits of Sports. He noted the City of Cottonwood is working on their old Community Center to revitalize it. He reported that 3 restaurants newly opened. He also reported that Hidden Hands Winery is planning a winery, tasting room and restaurant situated in a vineyard. He is hoping that this year Cottonwood will get a new hotel.

Wendy Bridges reported that a new Sprouts grocery store is opening up downtown Prescott in the old Haggens site on Sheldon St. She also reported that Prescott has a new City Manager, and the City is doing some reorganization.

Linda Hatch reported that the Chino Valley Town Manager has resigned, and the acting manager and the assistant manager are filling in the vacancy. Ms. Hatch noted that the acting assistant manager built a large library program in Chino Valley. She mentioned concerns about the Old Home Manor project that was supposed to rebuild infrastructure, which did not seem to be moving forward. Now the Town of Chino Valley has accepted a new bid that is a third less than the original bid. She noted that there are no commercial gas lines, and it will be difficult to complete the projects.

Chairman Jodie Filardo reported that event season is kicking off in Clarkdale, starting with a car show and chili cook-off on March 11, 2017. She reported that Clarkdale has launched a new marketing campaign and website, with the theme “Experience Clarkdale”. She also reported that the Town is pursuing the Bitter Creek Industrial Area plant, which will be a combination of a makers area with vineyards, and a water polishing garden.

Supervisor Jesse Thompson commented that Arizona Department of Transportation (ADOT) is doing all they can to fix potholes, and he remarked that this has been a challenging year. He reported that he is a newly appointed member of the ADOT board. He began to report about the Winslow levee regarding several studies that have been done on it. He commented on one particular feasibility study that has yet to be signed off. They hope to begin construction next year. Supervisor Thompson remarked about many discussions centered around the Navajo Generating Station and the Peabody Coal Mine.

Matthew Williams began to report about the land exchange finally finishing up, including a nice retail development area there in Pinetop-Lakeside. He reported that several large businesses are looking at that area. The Town of Pinetop-Lakeside recently moved out of the old town hall that had both mold and asbestos issue, and into a public works building with several offices in a small space. The Town is looking at buying a vacant professional building in town to relocate City Hall. He also reported about the forestry issue regarding the acquisition of Woodland Lake Park this year. He then noted that they

are planning the First Annual White Mountain Winterfest on February 25, 2017 in partnership with the Sunrise Ski Resort, in an effort to build on the tribal relationships there.

Public Comments

Chairman Filardo opened the meeting for Public Comment. There was none.

Adjournment

Chairman Filardo called for a motion to adjourn the February 2, 2017 meeting of the EDC. **Supervisor Thompson so moved, seconded by Matthew Williams. The meeting adjourned at 12:42 PM.**