

Economic Development Council

Meeting Minutes

April 5, 2018 • 10:00 AM • Little America • 2515 E. Butler Ave. • Flagstaff, AZ

Presiding Officer – Paul Watson, Vice-Chairman

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

*Excused Absence

Guests: John Saltonstall, City of Flagstaff, Business Retention and Expansion Manager
Jeff Halbrook, NAU Ecological Restoration Institute
Tony Alba, Community Development Manager, Town of Pinetop-Lakeside
Michelle Ralston, Assistant to Supervisor Art Babbott, Coconino County

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

I. Call to Order, Welcome and Introductions

Vice Chairman Watson called the meeting to order at 10:06 AM and asked for introductions from the phone call-ins and around the table. All introduced themselves.

II. Pledge of Allegiance

Vice Chairman Watson led everyone in the Pledge of Allegiance.

III. Approval of Minutes – February 1, 2018

Vice Chairman Watson asked for questions and comments regarding the February 1, 2018 EDC meeting minutes, there were none. He called for a motion to approve the minutes, **so moved by Norman Perry and seconded by Jesse Thompson. The motion carried unanimously.**

IV. Chairman’s Report

➔ **Executive Committee Update**

Vice Chairman Watson declined to present a report on behalf of Chairman Filardo.

V. Director’s Report

➔ **Program Update**

Vice Chairman Watson turned the meeting over to Regional Director Teri Drew for the Director’s report. Ms. Drew reported that after the 2018 District Goals and Priorities list was approved by the EDC in February, the Town of Fredonia asked for the inclusion of an additional 30 projects. Regional Council approved the addition of the Town of Fredonia’s projects. The amended approved list was distributed to the Council.

Ms. Drew then reported that, following the approval of the Goals and Priorities List, it was submitted to the Economic Development Administration’s Seattle Region for review as part of our Annual Comprehensive Economic Development Strategy (CEDS) Update. The Seattle office reached out to NACOG to obtain contact information for 13 of the projects on the Goals and Priorities list that were of particular interest as potential projects for funding – all focused on business and job creation. Ms. Drew noted the following towns and cities cited: Town of Fredonia, City of Show Low, Town of Clarkdale, Town of Springerville, City of Williams, City of Sedona, City of Prescott, City of Winslow, City of Cottonwood, and Coconino County. Ms. Drew was appreciative of the Seattle Representative for Arizona, Jacob Macias, for reaching out to these communities, and she encouraged them to get their applications in quickly.

Ms. Drew also reported that the CEDS Regional Resiliency update that was approved by EDC in February was subsequently approved by Regional Council, and submitted to EDA. She recently received notice from EDA that the

update was accepted. She thanked the Council for their work and effort in both the CEDS Update and the Goals and Priorities List.

Ms. Drew reported that the EDA Mid-Year Report has been completed and is available on the NACOG website, and thanked Julia Sawyer for her work in getting this task completed. Ms. Drew noted some difficulties with a new online federal reporting system which has delayed online submission of the report, however the report was mailed in to the Seattle office to ensure timely receipt of the report on behalf of the Economic Development District. Ms. Drew explained that the Mid-Year report describes the accomplishments of the Economic Development Council based on the annual Scope of Work, as well as the economic conditions of the District and the impacts to our Scope of Work. She noted that the 2017 Fall Tourism Forum was detailed in this report as well.

Ms. Drew then reported that another Assistance to Coal Communities Grant is being released by the EDA for 2018. Ms. Drew suggested that if a community has applied for this grant in the past and would like to apply again, they may ask NACOG to apply on their behalf, or the coal communities may consider applying for a regional grant. Ms. Drew noted that she, Paul Watson and Stephanie Ray of Navajo County, and Carol Curtis of Coconino County are working with the Governor's Office of Economic Opportunity to develop a whitepaper to increase the awareness of the economic impacts of the pending closure of coal-related industry on the communities most affected. The effort is to seek out Rapid Response funding to assist displaced workers, in addition to other funding that may be available to help. Ms. Drew stated that the whitepaper is still in draft form, but will be released when approved.

Ms. Drew reported that the Federal budget has been approved, which included a net increase of \$80 million for the Workforce Innovation and Opportunities Act (WIOA). She reported a \$25.5 million increase to EDA making a \$301 million total budget for EDA, and she noted that transportation is an area to watch – which received a \$4.4 **billion** increase, with \$10 billion set aside for infrastructure. Ms. Drew noted that this equates to more jobs.

Ms. Drew mentioned House Bill 2590 Arizona Growth Investment Fund. The state has recorded that there is an 18% decrease in income and job loss in rural areas. This bill will increase non-traditional capital lending opportunity for business development in rural areas. Rural business is defined as 150 or less employees and \$10 million in net income, and principle operations in a rural community. More information on HB 2590 is available online. A question was asked regarding the definitions for rural population, to which Ms. Drew replied that the definition was not given. She noted that she would like to invite someone to come to the EDC to speak about it at a future meeting. With that, Ms. Drew concluded her report.

VI. Nominations for Officers

Vice Chairman Watson called on Paul Ferris to report on behalf of the Nominations Committee. Mr. Ferris thanked Ms. Sawyer for her assistance in preparing the report. Mr. Ferris noted that Vice Chairman Paul Watson appointed the Committee at the February 1, 2018 meeting of the EDC, consisting of Paul Ferris, Bruce Greco, Linda Hatch and Michelle Conway. Mr. Ferris reported on the Committee meeting held on March 13, 2018, attended by Paul Ferris, Michelle Conway and Linda Hatch. Mr. Ferris recited the Bylaws regarding officers of the EDC. Mr. Ferris then noted that nominations for officers were presented as follows:

Chairman, Paul Watson, Assistant Navajo County Manager

Vice Chairman, Rich Bowen, Associate Vice President of Northern Arizona University (NAU)

Chair At Large, Paul Ramsey, City Manager, City of St. Johns

Mr. Ferris turned to Vice Chairman Watson to ask for nominations from the floor. Vice Chairman Watson called for nominations from the floor, there were none. Ms. Drew noted for clarification that nominations will be closed today and elections will be held in June. **Eric Duthie made the motion to approve the nominations for officers as**

presented, seconded by Linda Hatch. Vice Chairman Watson called for a vote, the motion carried unanimously.

VII. Coconino County EDD Assistance Application Presentation

Vice Chairman Watson turned the meeting over to Supervisor Art Babbott to introduce the presentation by Coconino County for an Economic Development District (EDD) Application for a forest restoration incubator. Supervisor Babbott thanked Vice Chairman Watson and the Council for the opportunity to bring this CEDS Goals and Priorities application to the Council for consideration, and noted that catastrophic fire and post-fire flooding is the #1 public safety threat for Coconino County. He reported that Coconino County has over the last 18 months increased its capacity in engagement over these issues, including the process of hiring a Forest Restoration Coordinator. Also, agency reform initiatives include efficiency improvements with the forest service management policies around restoration of the Ponderosa Pine ecosystems. Supervisor Babbott noted that much of the product coming out of the forest has low or no value, noting the challenge this presents to forest restoration. He shared a report from the Four Forest Restoration Initiative (4FRI) regarding Phase I of their restoration efforts which reported that only 25 % of the forest product had marketable value, leaving 75% of the total forest acreage with negative value to the forest industry. Supervisor Babbott stressed how important it is to strategically cultivate forest industry. He introduced Dr. Han-Sup Han, NAU Director of Forest Operations and Restoration at the Ecological Restoration Institute, to share the plans for the EDD application being presented, noting that NAU will lead on this application, supported by the County. Carol Curtis offered a copy of the application if needed to the group, and she noted that the idea was discussed with Jacob Macias at EDA who expressed heightened interest.

Dr. Han began by introducing his colleague at NAU, Jeff Halbrook, also of the Ecological Restoration Institute. Dr. Han shared his background prior to joining NAU with Mr. Halbrook 3 months ago, describing his work in research funded by the Department of Energy to investigate cost effective use of biomass across the country. He has been working on this over the last 4 years, noting that the low-value biomass is a source of fire danger in Northern Arizona. The clear challenge is the handling and transportation of small value forest residue. The project involves setting up an in-forest or near-forest production system. This improves the value of the product and reduces transportation cost. Dr. Han would like to demonstrate the system and equipment in high-risk wildfire areas.

Dr. Han asked for questions. A question was asked regarding the mobility of the process, to which Dr. Han replied the equipment will be trailerable from site to site. He noted that this has been done before in northern California. Another question was asked as to how this fits in with 4FRI and Good Earth operations currently. Dr. Han noted that this is a new concept for Northern Arizona that has not yet been tested, but they are in conversation with the existing forest industry for collaboration.

Discussion followed regarding the view of the forest service toward this process. Supervisor Babbott noted that this model is not a part of the Phase I restoration efforts of 4FRI, who is looking for high value timber. It may be incorporated into Phase II and allowed for some level of processing on the forests. It was suggested that private land may be the initial starting point for demonstrating this processing model. Supervisor Babbott noted that the County is playing an active role.

A question was asked as to what is being asked from the Council, also if letters of support would be needed. Supervisor Babbott noted that it will go to Regional Council if approved here and was appreciative of the offer for letters of support. Another question was asked regarding the time frame of the demonstration of the equipment and the benefit of this approach. Dr. Han replied that they hope to have testing set up spring of 2019.

Dr. Han noted that the application does not include the purchase of any equipment, the equipment will be rented. The benefit will focus on the materials produced, biochar. Small diameter materials are too expensive to haul out because of the water content of the wood resulting in a great deal of weight, so burning the material is the most cost

effective way to handle it. Bruce Greco noted that Apache County is struggling with getting a small, 1-megawatt energy plant up and running because of the same problems. He stated that the Arizona Corporation Commission (ACC) has proposed that by December 2021 regulated utilities will be required to have an additional 65 megawatt of energy produced by biomass materials. He then asked if this approach be in concert with Arizona in meeting this objective. Dr. Han answered that, although he has only been here for 3 months, this is already being considered.

More discussion followed regarding free forest by-product being left in the forest because of the expense of transporting it out. Dr. Han noted that this is not unique to Northern Arizona, and he has been communicating with several entities that are aware of the situation. He noted that it takes time to look at short and long term solutions to the issues of cost. It was noted by Norman Perry that Prescott National Forest is offering biomass free to anyone who wants to haul it away. Dr. Han noted that he has been approached to take the biomass free, but it is too costly to transport and handle.

More discussion followed regarding the details of the operation. Coordination with ACC was encouraged regarding this project. Supervisor Babbott noted that he has been having discussions with the ACC regarding energy, noting that this project will also fit into this discussion, but on a different level regarding the ability to deploy, which he noted could be a quick process for deploying. Also discussed was the process for moving forward with the application.

Vice Chairman Watson thanked Dr. Han for the presentation and called for a motion. **Linda Hatch made the motion to approve the EDD Assistance Application of Coconino County and NAU, seconded by Norman Perry.** Some discussion followed regarding the application approval process. Ms. Drew explained that the EDC develops the annual Goals and Priorities List, placing projects on the list that may qualify for EDA project funding. This project was on the Goals and Priorities list, making it eligible for consideration. The application would first be voted on for approval by the EDC, followed by Regional Council for review and approval. Following approval by Regional Council, the County would submit a full application to EDA. Vice Chairman Watson called for a vote, **the motion carried unanimously.** Ms. Drew thanked the Council for their diligence and questions regarding the project, noting that these questions are critical in educated decision making, not “rubber stamping” projects.

VIII. Membership Committee Report

Vice Chairman Watson turned the meeting over to Carol Curtis to bring a report for the membership committee. Ms. Curtis reported on the Membership Committee meeting of March 13, 2018. Norman Perry’s membership renewal is being recommended by the Membership Committee as a Private Sector Member in good standing representing Yavapai County. Ms. Curtis also noted that Steve West’s membership renewal notice was not responded to, therefore the Committee recommends his membership be allowed to expire in April. Vice Chairman Watson recapped the need for a motion to renew Mr. Perry’s membership, **so moved by Paul Ferris, seconded by Linda Hatch. The vote was unanimous.** Vice Chairman asked for questions or comments regarding Mr. West’s membership. Following brief discussion, it was determined that Mr. West’s term would expire without action.

Ms. Curtis noted that the Membership Committee is an active committee and would like the Council to know that the committee does not rubber stamp membership but takes thorough review of each candidate. With that she concluded her report.

Vice Chairman Watson encouraged the representation of Apache County to actively recruit for membership. Brief discussion followed.

IX. Tourism Committee Report

Vice Chairman Watson turned the floor over to Michelle Conway to give the Tourism Committee Report. Ms. Conway reported on a good meeting of the newly appointed Tourism Committee in Sedona on March 15th. She complimented the new membership of the Committee for being very engaged in Tourism.

Ms. Conway reported that Ms. Drew gave the new Committee Members an orientation of the Economic Development District of NACOG and the Tourism Committee. Ms. Conway noted that there has been an updated schedule for the Tourism Committee, to include an in-person meeting during the Governor's Conference on Tourism in July, and Ms. Conway noted that she has talked with the Arizona Office of Tourism (AOT) regarding the need for a more affordable option for rural communities to attend this conference, and as a result, AOT has graciously offered a discounted rate for Northern Arizona rural areas to attend the Governor's Conference on Tourism. Ms. Drew complimented Ms. Conway for being proactive on behalf of the District in having discussions with the state in order to facilitate measures to assist rural Northern Arizona.

Ms. Conway shared the new Scope of Work for the Tourism Committee. The target opportunities for the Scope of Work come from the CEDS. The Goals and Objectives were outlined as follows:

CEDS Goal: *Improve the quality of Life and Unique natural/cultural amenities as well as outdoor recreation opportunities that make Northern Arizona a great place to live and visit.*

Target Opportunities – Tourism and Experience

Objective #1: Partner with state and regional tourism organizations to promote their marketing programs, training programs and events throughout the Economic Development District (EDD).

Goals:

- Survey state and regional tourism organizations and partners to determine what each has to offer and how we can partner to promote tourism in the region, and create a Fact Sheet based on the survey results. The Fact Sheet will be a resource for the public and will be posted to the tourism page of NACOG's website.
- Create data reports on regional tourism trends and revenues and post to the tourism page of NACOG's website.

Objective #2: Serve as an informal resource for assistance to EDD communities regarding marketing/promotions and encourage regional joint marketing opportunities.

Goals:

- Create a link on NACOG's website for assistance on tourism issues in the region
- Act as a resource bureau
- Offer Case Studies – Best Practice
- Be an advocate and spokesperson at tourism events

Objective #3: Continue to strengthen sub-regional tourism efforts through the sharing of best practices, promotion and product development.

Goals:

- Research and develop a drone or drive video featuring attractions in NACOG's 4-county region
- Develop an easy-to-read and understand infographic that shows the economic impact of tourism in our region and post to website

- Link community profiles to the website

Ms. Conway noted that a task list was generated and distributed to the Committee to work toward the goals. A request was made for a copy of the Scope of Work for Council members. Ms. Conway noted that a copy of the Scope of Work will be distributed to the Council following the meeting, and Ms. Drew apologized for not having copies available for this meeting.

Ms. Conway shared an example of a drone video, noting that this type of outreach is a goal of the Tourism Committee to distribute and highlight the tourism attractions of Northern Arizona. Discussion followed regarding utilizing existing footage from around the Region. Ms. Conway asked the Council for their thoughts on the viability of using a drone or drive video and the possibility of using existing footage from the Northern Arizona communities in the District. Discussion followed regarding utilizing local college groups or licensed videographers to develop the video. Eric Duthie offered the use of Grand Canyon Virtual Reality footage from the Town of Tusayan. Discussion followed regarding enhancing marketing all across the District working cooperatively to present a comprehensive video. Other discussion followed regarding smaller communities that could benefit but may not be able to afford to produce a video, and a suggestion was made to produce an overview video and provide links to the more comprehensive videos highlighting specific areas across the District. It was suggested the Tourism Committee reach out to the Native American communities as well as the Forest Services for assistance with the video.

With that, Ms. Conway concluded her report. Vice Chairman Watson called for a motion to approve the EDC Tourism Committee Scope of Work with allowance for the Council to view copies of the Scope of Work and any changes to be made to be brought to the next meeting. Linda Hatch noted that compliance with the Open Meeting Law would allow that. A question was asked regarding the planning of another Fall Tourism Forum. Ms. Drew noted that there are no plans for a Forum this year, but may be considered for the future. **Paul Ferris made the motion to approve the Scope of Work, leaving it open for amendment, seconded by Norman Perry. The vote was unanimous in favor of the motion.**

X. Public Comments

Vice Chairman Watson called for Public Comment; there was none. Vice Chairman Watson called for a brief recess.

XI. Member Comments

Vice Chairman Watson thanked everyone for their time and effort given for the Council and to Staff for their work for the Council. He also acknowledged Little America for their accommodations. He then called for Member Comments. Casey Rooney reported that the Northern Arizona Committee of the Arizona Association of Economic Development, of which he is the Chairman, is having a Mayor's Forum in Prescott on April 19, which will highlight the newly elected Mayors of Prescott, Flagstaff, Cottonwood and Payson. He invited anyone interested to come. He also noted a Medical Tourism Symposium coming to Cottonwood in June and a Retail Symposium in Prescott Valley in September. Michelle Conway asked if Mr. Rooney was going to be speaking at the Verde Valley Economic Development Organization meeting to present a Strategic Plan for the Verde Valley, and he acknowledged that he was. Discussion followed regarding registering for the event.

Wendy Bridges noted that she hopes to see everyone in Prescott for the Mayor's Forum that Mr. Rooney mentioned. She then reported on the continued work with the manufacturer RESA Wearables, asking the Council for referrals of interested job seekers. She also mentioned the upcoming bike race, Whiskey Off-Road Marathon with a \$30,000 purse. She also reported that this year at the end of June will mark the 5-year anniversary of the Granite Mountain Hot Shots tragedy, in which 19 firefighters lost their lives fighting a wildfire in Yarnell, Arizona. Ms. Bridges reported that the new owner of the Prescott Gateway Mall will be leasing space within the Mall to the City of

Prescott for a memorial and education center to honor the Granite Mountain Hot Shots. Some discussion followed regarding this effort.

Eric Duthie shared that the media is circulating a report that the National Park Service has abandoned the plan to increase park entrance fees to 17 national parks, including the Grand Canyon, from \$30 per car to \$70 per car because of the public outrage over the increase. He reported that there is not confirmation from the Park Service, but it would be great news to the tourism industry of those areas affected. He also noted that the first quarter of this year trends to be a record setting year for visitors to the Grand Canyon, as have the past 2 years. He noted while this is good news to the hotel business in Tusayan and the surrounding areas, it poses issues regarding Highway 64, a 2-lane highway with 2 passing zones within the 60-mile stretch to the Grand Canyon. Mr. Duthie reported 6 fatalities this year already on Highway 64, and he is concerned that the potential for negative reporting from national media outlets regarding Highway 64 could affect their tourism numbers. The town plans to look into coordinating efforts to provide video footage of the highway demonstrating the need for improvements for the Arizona Department of Transportation.

Teri Drew notified the Council that on May 23rd NACOG will be hosting a Cool Air Career Fair at the North Valley campus of Northern Arizona University. She thanked Rich Bowen and the staff at NAU for their assistance in securing the site. Ms. Drew noted that the goal of this Job Fair is to attract and recruit labor to Northern Arizona, and she offered space to those interested in sending employers from their area.

Keith Johnson reported on a Pat Tillman Honor Run scheduled in Pinetop-Lakeside for April 14. He reported 102 people signed up for the event. Mr. Johnson also reported a hot air balloon event scheduled in June. He then noted strong construction work going on in Pinetop-Lakeside, and noted that the mild winter has affected tourism to the area. Mr. Johnson reported attending the Shot Show in Las Vegas with Paul Watson and Steve North where they made contact with several individuals interested in moving their companies to the White Mountains.

Vice Chairman Watson called for more Member Comments, there were none.

XII. Adjournment

Vice Chairman Paul Watson adjourned the meeting at 12:14 PM.