

Economic Development Council

Meeting Minutes

June 1, 2017 • 10:00 AM • Doubletree by Hilton • 1175 West Route 66 • Flagstaff, AZ

Annual Meeting

Presiding Officer – Jodie Filardo, Chairman

Attendees	Present/Absent	Number of Absences in 2017
Jodie Filardo, Chairman	Present	1
Paul Watson, Vice-Chairman	Present	0
Rich Bowen, Chair-At-Large	Present	1
Karalea Cox, Immediate Past Chair	Absent	3
Jesse Thompson, Executive	Present	0
Sharon Adams	Absent*	0
Art Babbott	Present	0
Wendy Bridges	Absent	1
Becki Christensen	Absent*	0
Carol Curtis	Absent*	0
Coral Evans	Absent	2
Paul Ferris	Present	0
Linda Hatch	Present	0
Richard Heath	Present	1
Kimberly Johnson	Present	1
Susan Johnstad	Present	1
Steve North	Absent	1
Lora Lee Nye	Present	0
Julie Pastrick	Present	1
Kelly Patton	Absent*	0
Norman Perry	Absent*	1
Paul Ramsey	Absent	3
Casey Rooney	Present	1
Ed Steinback	Present	1
Steven West	Absent	3
Matthew Williams	Absent	1
Jim Wurgler	Present	1

*Excused Absence

Guests: Keith Watkins, Arizona Commerce Authority
A.G. "Chip" Davis, Deputy Director, Congress Tom O'Halleran's Office
Eric Duthie, Town Manager, Town of Tusayan

Staff: Teri Drew
Julia Sawyer, Executive Assistant

I. Call to Order, Welcome and Introductions

Chairman Filardo called the meeting to order at 10:10 AM. She asked for introductions around the table, beginning with guest Eric Duthie. All introduced themselves. Chairman Filardo asked if there was anyone joining by telephone, there was not.

II. Pledge of Allegiance

Chairman Filardo asked Rich Bowen to lead the Council in the Pledge of Allegiance.

III. Approval of Minutes – April 6, 2017

Chairman Filardo asked for questions or comments regarding the draft minutes from the April 6, 2017 meeting of the EDC. Hearing none, she asked for a motion to approve the minutes as drafted. **Paul Ferris so moved, seconded by Susan Johnstad.** Councilwoman Lora Lee Nye expressed her appreciation to Executive Assistance Julia Sawyer for accurately capturing her remarks and those of guest presenter John Munderloh regarding their presentation. Hearing no further comments, Chairman Filardo called for a vote to approve. **The motion carried unanimously.**

IV. Chairman's Report

➤ **Executive Committee Report**

Chairman Filardo started by sharing letters of resignation, from Councilman John Rueter of the Town of Tusayan. She acknowledged Dr. Susan Johnstad, who also submitted a letter of resignation from the EDC effective today. Chairman Filardo asked Dr. Johnstad to read her letter to the Council. Chairman Filardo presented Dr. Johnstad with a Certificate of Appreciation and a letter from the Regional Director Teri Drew. Ms. Drew then acknowledged the work of Dr. Johnstad in her role on the Council and as the Chairman of the Tourism Committee, and thanked her for her leadership and contributions.

Chairman Filardo then shared a third letter of resignation, that of Karalea Cox, Apache County Private Sector and Immediate Past Chair of the EDC Executive Committee for the past year. She noted that Ms. Cox's work obligations make it too difficult to attend the meetings, and is therefore stepping away. Chairman Filardo noted that this vacancy creates an unusual situation that is not addressed in the Bylaws, as Ms. Cox held a post that cannot be filled as Immediate Past Chair. Chairman Filardo outlined possibilities for filling the vacancy, preferably with someone from Apache County, so as not to lose representation on the Executive Committee.

➤ **Meeting Location Discussion**

Chairman Filardo then began to share a discussion started with the Executive Committee regarding concerns noted at the last meeting by Supervisor Art Babbott and Vice-Chairman Paul Watson, members of the EDC, regarding the cost of meeting spaces and meals for EDC. Chairman Filardo turned the floor over to Ms. Drew to elaborate on cost comparisons from research conducted on meeting space alone versus meeting space with lunch provided. Ms. Drew reported that the Executive Committee suggested looking at options; including not providing meals and utilizing free meeting space to cut costs. She noted that the cost of hotel space increases accordingly with cutting meals. She acknowledged that the issue seems to be ordering food that goes untouched, which is then taken away

after the meeting, giving the appearance of waste. Ms. Drew acknowledged some ideas given by the Executive Committee, including reducing the number of regular meetings of the EDC, going to quarterly meetings, taking the meetings to each of the 4 counties on an annual basis, and other cost-saving scenarios. Ms. Drew noted that the most important issues are quorum and continuity, reminding the Council that, in the past, meetings have been moved around, but with unintended consequences of lack of attendance, and no quorum achieved. She asked the Council if they would be committed should this type of change be implemented. She remarked that the funds received from the EDA are to support this Council and its meetings for development and implementation of the CEDS. She opened the floor for discussion. Much round-table discussion followed regarding the advantages and challenges to the various options for meeting spaces. The discussion included pros and cons for membership to travel to different areas and the advantages to the networking for members. It was noted that when Regional Council travels regional sites, the attendance is always reduced. Other comments expressed the desire to keep a consistent location, and that including a meal facilitates networking discussions among attendees. Supervisor Babbott wished to respond to the comments and steer the discussion toward his concerns. He noted fiscal strains in Apache and Navajo Counties, so his comments were strictly about costs and cost contributions from local areas in light of those fiscal strains. He remarked that there are less expensive places to meet, and his interest was in seeing and sharing cost comparisons for the sake of the communities that are struggling financially. He noted it is the responsibility of the EDC to ensure our costs are reviewed annually at least. Paul Watson also noted that Navajo County is going through significant budget cuts. He reiterated that if there are ways to do things more efficiently and cost effectively, it helps in encouraging the County to remain a NACOG Economic Development District partner through the assessments. More discussion followed as to the value of having lunch with the meeting. One comment was made to the perception around the state regarding this Council as being one of the most prestigious, well-respected and well-known councils in the State of Arizona. Comments prevailed that lunch should be served, but cost should be a factor. Considerations should also be made regarding the capability of the meeting space to be ADA compliant, and to provide internet and technology services typically needed for a meeting such as this one. More discussion followed for various factors, such as the value of individual member's time and costs to come to the meeting, and providing respite for these meetings. Ms. Drew noted that the discussion began in the spirit of how to be cost effective, and she shared that cost comparisons were done since the last meeting. Other options were discussed for providing means through technology for members who have difficulty travelling. Chairman Filardo noted that the comments would be taken under advisement for a future Executive Committee meeting.

Chairman Filardo then noted that the October meeting will be held in Show Low in conjunction with the Tourism Forum. She asked for a show of hands for members who plan to go to the Forum. Ms. Drew noted that Julia Sawyer will send out a poll for attendees to determine a quorum before cancelling our contract with Little America for the October meeting. A brief discussion followed regarding room costs with and without food ordered, and the difficulty with ordering food for confirmed members who then do not show up for the meeting. Chairman Filardo recommended that this discussion be brought to a future Executive Committee to make a decision going forward.

➤ **Consider Changes to the EDC Bylaws**

Chairman Filardo then asked Ms. Drew to begin the discussion regarding opening the Bylaws for revision. Ms. Drew noted that, per the EDC Bylaws, there are attendance requirements for the membership – specifically, if a member misses 3 consecutive meetings they are considered to have tendered their resignation. It also states the same if a member misses more than 50% of the meetings on an annual basis. Ms. Drew noted that some Committees have

noted the fact that the Bylaws do not address specific policy for the Committees. The Membership Committee has made the recommendation to open the Bylaws for review and revision. Ms. Drew noted that the procedure is to make a motion to open the Bylaws at one meeting and at a subsequent meeting to consider the changes. She asked the Council to only vote today to open the Bylaws to consider the attendance policy to be amended. Chairman Filardo asked for a motion to open the Bylaws for a possible amendment, **so moved by Supervisor Babbott and seconded by Paul Ferris. The motion carried unanimously.**

V. Membership Committee Report

Chairman Filardo turned the meeting over to Ms. Drew to share the Membership Committee report in lieu of Committee Chairman Carol Curtis, who had attempted to call in for her report, but the call-in number was not working.

➤ Acceptance of Resignation

Ms. Drew shared the report of the Membership Committee. The first item for action is the acceptance of resignations from the following:

- Councilman John Rueter of the Town of Tusayan – Councilman Rueter has resigned both the EDC as well as his post at the Town of Tusayan to enjoy retirement.
- Dr. Susan Johnstad – Dr. Johnstad submitted her letter of resignation earlier in the meeting
- Karalea Cox – Ms. Cox also submitted her resignation.

Chairman Filardo called for a motion to accept these resignations. **Paul Ferris moved to accept the resignations noted, seconded by Councilwoman Lora Lee Nye. The motion carried unanimously.** Chairman Filardo noted that the resignations are accepted.

➤ Membership Renewals

Ms. Drew then noted that all members serve fixed, staggered terms on the EDC, and all appointments must be approved by Regional Council. Today the EDC is considering the renewals and reappointments for Rich Bowen of Northern Arizona University and Becki Christensen from Apache County. Ms. Drew commented that Ms. Christensen is renewing as a Private Sector member, rather than under the Public Sector as the representative of the Springerville Chamber of Commerce. Ms. Drew also noted that Ms. Christensen is currently on medical leave, but is expected to return in August. Ms. Drew reported that both of these members are in good standing. Chairman Filardo called for a motion to approve the recommendation to renew the memberships of Rich Bowen and Becki Christensen, **so moved by Paul Watson and seconded by Paul Ferris. The motion carried unanimously.**

➤ New Member Recommendations

Ms. Drew then reported the recommendation from the Membership Committee to accept the recommendation from the Town Council of Tusayan to approve the membership application of Eric Duthie, the Town Manager, to complete the term of Councilman Rueter. Ms. Drew noted that Mr. Duthie has a long history and expertise with the EDC, so the recommendation is to accept the application of Eric Duthie to EDC membership.

Ms. Drew interjected a comment for the good of the order regarding another pending application on file, that of Molly Spangler, the Economic Development Director for the City of Sedona – a candidate for either Coconino or Yavapai County vacancies. Ms. Drew remarked that, in the past, the vacancies were typically filled on a first-come, first-served basis. However, because of changes to our policies stating that vacancies would be considered based on EDA requirements for membership and our priority would be to all assessed communities, Ms. Drew

recommended that Ms. Spangler's application be held for a future position and move forward to recommend Eric Duthie to fill the vacancy of his assessed area.

The second application for consideration is that of Michelle Conway, Marketing Director for the City of Sedona. Ms. Drew commented that Past Chair Karalea Cox had implemented a policy that the Chairman of the Tourism Committee shall be a member of the EDC. Ms. Drew noted again that, while Ms. Spangler would again be available to fill this vacancy left by Dr. Johnstad's resignation, Ms. Conway is the current Vice-Chairman of the Tourism Committee and successor to the role of Chairman. Chairman Filardo called for a motion to approve the recommendation of the Membership Committee to approve the applications of Eric Duthie and Michelle Conway for membership to the EDC, **so moved by Julie Pastrick, seconded by Paul Ferris. The motion carried unanimously.**

Ms. Drew publicly thanked Carol Curtis for her hard work, noting that she would have liked to have presented this report this morning herself but was not able to connect with us by phone. She also acknowledged the other Membership Committee members: Paul Watson, Ed Steinback, Linda Hatch and Wendy Bridges.

VI. Nominations Committee Report

Chairman Filardo turned the meeting over to Paul Ferris, Chairman of the Elections Committee. Mr. Ferris reported on the meeting of May 4, 2017, noting the Committee Members appointed were himself, Carol Curtis, Steve West and Wendy Bridges. Two were present for the teleconference meeting, which comprised the quorum. The purpose of the meeting was to nominate a Chairman, Vice-Chairman and Chair-At-Large, to serve a 1-year term. Mr. Ferris noted that, following discussion, it was determined that the current team is doing an excellent job, and therefore the recommendation is that they continue in their current posts:

➤ Recommended Slate of Officers

- **Chairman – Jodie Filardo**
- **Vice-Chairman – Paul Watson**
- **Chair-At-Large – Rich Bowen**

Mr. Ferris offered the recommendation as a motion, then returned the floor back to Chairman Filardo.

➤ Nominations from the Floor

Chairman Filardo opened the floor for nominations, there were none. **Councilman Jim Wurgler seconded the nominations recommended by the Committee.** Ms. Drew noted to the Chairman and the Council that action today will be only for the nominations, and the elections will take place in August. Chairman Filardo called for a vote on the nominations. **The motion passed unanimously.**

VII. Director's Report

➤ Program Update

Chairman Filardo turned the meeting over to Teri Drew for the Director's report. Ms. Drew began by reporting that Jeff Hays of the USDA has received a promotion to oversee water and wastewater issues, and is no longer the Rural Development representative for our Region. Our new representative is Don Irby, and is located in the same Prescott Valley office previously held by Mr. Hays. Ms. Drew noted that Mr. Hays has agreed to continue to be

available for support as needed. Ms. Drew commented that Mr. Irby had worked for USDA for 20 years, and has come out of retirement to return to that role. She complimented USDA for their strong partnership on the district.

Ms. Drew then reported that Regional Council approved the assessments as recommended by the EDC, and she also reported regarding Navajo County's agreement to continue as a member of the District. She noted that the Executive Committee will be participating in a meeting next week in Show Low involving the REAL AZ Corridor and NACOG leadership to discuss collaboration toward resolving some of the Navajo and Apache County issues regarding economic development, infrastructure improvements and return on investment in the area.

Ms. Drew moved on to share a very recent EDA phone call she received from staff the Seattle Region representative for EDA. Staff shared that EDA funding is soon to be released for a new \$30 million Assistance to Coal Communities grant, similar to the POWER Grant, but revised to utilize the EDA process instead of the Appalachian process. This news comes in the wake of recent talks in the current Administration regarding budget cuts. Ms. Drew was informed that the funding is focused on 4 communities in the Seattle Region, 3 of which are Apache, Coconino and Navajo Counties, to draw on this opportunity. Yavapai County may also be eligible if they can demonstrate supply chain companies that are impacted by the Coal industry. Ms. Drew noted that she inquired about a collaborated "second tier" opportunity with all 3 or 4 counties to collect more funding than a single project. The money is available until it's gone, and there is a better advantage in receiving it if we apply now for the funding. All 4 counties are eligible for funding as "distressed" areas based on various factors. Ms. Drew asked for comments. A comment was made regarding the President's budget, that there is not much need to be concerned about budget cuts at this time. Chip Davis asked if there will be a sub-committee to work on this project, Ms. Drew replied that she would like to see a regional project, but respects the needs of the individual counties. Paul Watson reiterated the meeting coming up in Show Low with REAL AZ to discuss options.

Ms. Drew then noted that EDA showed interest in 5 or 6 projects that were submitted on the Goals and Priorities List for EDA funding – specifically Clean Coal Technology for the City of Page and Navajo County, the Business Assistance Center in Sedona, the Pinetop-Lakeside Industrial Park, the Incubator in Prescott and the Winslow Airport Industrial Park. Ms. Drew suggested that these communities need to act on the interest if they are ready to do so, as this does not happen often.

➤ **Scope of Work Draft Review & Approval**

Ms. Drew passed around the draft Scope of Work for review and comment. She noted that the Scope of Work is extracted from the approved Comprehensive Economic Development Strategy (CEDS) and developed on an annual basis. The focus is primarily on the 3 counties of Apache, Coconino and Navajo due the pending layoffs there with significant economic impacts. Ms. Drew described the responsibility of the EDC to respond to economic conditions in the NACOG District. The coal industry is an obvious challenge to the District at this time. Ms. Drew shared the vision she was projecting in paragraph 3 of the Scope of Work – to prioritize our efforts, funding and technical assistance and project endorsements toward coal communities.

Ms. Drew then noted that another change is the addition of the NACOG Transportation department collaboration with the Arizona Department of Transportation (ADOT) funding to better align ADOT and EDA projects and resources for greater regional impact. One project specifically that could benefit from this partnership is the Old Town project in the City of Cottonwood, as it involves road improvements.

Ms. Drew stated that she evaluates each year where we are in the 5-year plan of the CEDS, and highlighted the 5 focus areas of the CEDS and the goals. Chairman Filardo asked for comments and questions. Supervisor Thompson commented on fact that transportation and economic development go hand-in-hand, and spoke about the need for road construction for folks to be able to transit to the work areas. Other comments followed regarding the value of partnering with ADOT and other partners for economic development. Mr. Davis thanked the EDC for

their plan, noting that this is a great opportunity to assist in other areas that will also soon be affected by layoffs. Ms. Drew noted that USDA also uses the NACOG EDD CEDS as a guide in developing projects in Northern Arizona. Chairman Filardo called for a motion to approve the 2017-2018 EDC Scope of Work. **Linda Hatch moved to approve the 2017-2018 EDC Scope of Work, seconded by Paul Ferris – the motion carried unanimously.**

➤ **Review & Approve Resolution to Apply for 2017/2018 EDA Planning Grant**

Ms. Drew then moved on to the Resolution to continue the NACOG District as an Economic Development District through the U.S. Department of Commerce. Being an EDD allows our membership communities to access EDA federal funding. This is another annual task that is done in conjunction with NACOG's application for EDA Planning Grant District funding, and also commits the District to the current Assessment schedule as required match for the grant. Ms. Drew commented that our return on investment for the EDD is quite high and well worth the investment, especially in light of pending economic conditions. Chairman Filardo called for a motion to approve Resolution 17-06 to continue as an EDD and to commit the Assessments as matching funds. **Casey Rooney made the motion, seconded by Linda Hatch, followed by a unanimous vote to approve.** A question was asked if this is done every year in conjunction with the Scope of Work, to which Ms. Drew replied that both documents are done annually. More discussion followed regarding funding of projects and regional efforts, and the EDC being drivers and leaders of the changes resulting from the economic conditions of the District. Ms. Drew commented about the Goals and Priorities List, which is a document assembled by the efforts of communities identify and prioritize projects for economic improvement across the district. These projects are typically local projects, but could be combined into a larger regional project. More discussion followed regarding budgets and funding and the feasibility of regional projects. Ms. Drew noted an effort of the National Association of Development Organizations (NADO) to host a 4-Corners Forum in August, erase the borders and work regionally. NACOG is a distressed area, which is a priority for EDA. Information about the 4-Corners Forum will be sent to EDC as it is received, and up to 25 NACOG District members can attend. Ms. Drew noted that she would like our attendees to be members of the EDC.

VIII. Tourism Committee Report

Chairman Filardo turned the meeting over to Dr. Susan Johnstad to provide an update of the Tourism Committee. Dr. Johnstad began by reflecting on the fact that she has visited each community represented at the table. She also noted that she had the opportunity to visit Pinetop Country Club, the site of the Tourism Forum, last weekend. She reported also that there have been 25 paid registrations received so far, and that she would like to have at least 100 by Labor Day. She noted that Julia Sawyer is prepared today to take credit card payments for registrations, and encouraged all to attend as well as sponsor. She also noted that we are seeking vendors to take part in the event. We are also seeking raffle items to be donated, giving suggestions as to what might be appropriate to showcase each community. Dr. Johnstad asked for the Council members to bring their raffle items with them to the August EDC meeting. A question was asked as to who will be attending, defining tourism professionals. Dr. Johnstad explained that it will be geared toward both people who are working in tourism as well as the elected officials and community leaders to engage in economic development through Tourism. Ms. Drew also highlighted the goal of \$10,000 in mini-grants, sharing examples of the past projects that are still in use, such as the "Made in Clarkdale" branding effort that is still being used today. More comments followed about the reach that Northern Arizona has in neighboring states and the world, as some of the tourism spots are readily seen in advertisements in far-reaching areas. Chairman Filardo thanked Dr. Johnstad for her report, and asked Ms. Sawyer to remind the Council to bring their raffle items with them to the August meeting.

IX. Arizona Commerce Authority Presentation

Chairman Filardo turned the meeting over to Keith Watkins, Director of the Arizona Commerce Authority, who shared a presentation focused on Arizona momentum. It was noted that Mr. Watkins had participated in the Regional Economic Outlook Forum in Page, Arizona in May. Mr. Watkins shared his impressions of that meeting, particularly the international interest in the event.

Mr. Watkins began by noting that the end of the ACA's fiscal year is approaching, as is the end of their first 5-year plan, which included the goal of 75,000 net new jobs. Mr. Watkins noted that they have exceeded that goal. Mr. Watkins then moved on to share a Power Point presentation that demonstrated the ACA overview. ACA is about 65 employees strong, working together to make Arizona a preferred location for target industries, develop infrastructure to support economic growth, become a preferred trading partner with Mexico and Canada, foster innovation and support entrepreneurship, enhance Arizona's competitiveness.

ACA 2.0 is Governor Ducey's vision of putting all of the supportive state offices under one roof. The Arizona Office of Economic Opportunity (OEO) works with analytics and continuous improvement, ACA is marketing and business attraction and expansion. All major initiatives are run through the Arizona Management System, comprised of several Economic Goal Councils.

ACA facilitates companies that represent economic impacts to the state. The Southwest represents the most jobs, and Mr. Watkins shared performance in industry. He also shared the top projects won by ACA this year, representing 12,830 jobs.

There are 11 mega projects being developed currently, among tier level projects totaling 41. Regarding rural projects, there are 9 accounts, most of which are in the Casa Grande area, 2 projects in Flagstaff and 1 in Williams. Mr. Watkins noted the Greentree Inns Hotel Management Group in Flagstaff, a worldwide hotel chain that moved their central location to Flagstaff.

Mr. Watson began to speak about certified sites – real estate ready to go to market today for business development. He stated that ACA has created tiers of facilities to demonstrate the types of sites available. The analytics show how many of the sites are being viewed, highlighting some of the sites in the NACOG region, such as Flagstaff, Prescott Valley, Winslow, and Chino Valley which had 79 viewers alone.

Mr. Watkins concluded his presentation speaking about forest health, a mandate from Governor Ducey to deal with the problem in order to map out a plan to increase land use for business expansion and attraction. Chairman Filardo asked how to make it possible to work together to accomplish more. Mr. Watkins responded to the question by noting the Scope of Work that was approved today, to look at the roadway freight-load improvements, particularly as it pertains to forestry and log hauling. Because the soft pine in Arizona is relatively small diameter, more trees have to be cut to produce more wood, resulting in more trucks on the highways, and the more trees allowed per truck will increase the market. Secondly to take the biomass out of the forests, which is typically wet, generating more weight; therefore, increasing the freight-load limits would be more efficient. Other discussion followed regarding certified site development. Mr. Watkins mentioned several paper plants looking at Northern Arizona, hindered by the lack of natural gas supply. He also commented on the employees of the Navajo Generating Station and the Kayenta Mines possibly relocating into forestry jobs as skilled heavy equipment operators. More discussion followed regarding site selection, state tax credits and incentives, biomass, road conditions, etc.

Chairman Filardo thanked Mr. Watkins for his presentation.

X. Member Comments

For the good of the order, Chairman Filardo recommended bypassing Member Comments to call for Public Comments, then adjourning the meeting and sharing member comments while eating lunch.

XI. Public Comments

Chairman Filardo called for Public Comment. Hearing none, she closed the Public Comment period.

XII. Adjournment

Chairman Filardo called for a motion to adjourn, **so moved by Paul Watson, seconded by Dr. Johnstad. The meeting was adjourned at 12:25 PM.**

NACOG EDC Meeting Minutes – June 1, 2017
Approved:

DRAFT