

Economic Development Council

Meeting Minutes

August 3, 2017 • 10:00 AM • Little America • 2515 E. Butler Ave • 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
Jesse Thompson, Executive	Present	0
Sharon Adams	Present	0
Art Babbott	Present	0
Wendy Bridges	Present	1
Becki Christensen	Present	0
Michelle Conway	Present	0
Carol Curtis	Present	0
Eric Duthie	Present	0
Coral Evans	Present	2
Paul Ferris	Present	0
Linda Hatch	Present	0
Richard Heath	Present	1
Kimberly Johnson	Present	1
Steve North	Present	1
Lora Lee Nye	Present	0
Julie Pastrick	Present	1
Kelly Patton	Present	0
Norman Perry	Absent*	1
Paul Ramsey	Present	3
Casey Rooney	Present	1
Ed Steinback	Present	1
Steven West	Absent	4
Matthew Williams	Present	1
Jim Wurgler	Present	1

*Excused Absence

Guests: Andy Tobin, Arizona Corporation Commissioner
Boyd Dunn, Arizona Corporation Commissioner
Nicholas Loper, AZCC Assistant to Commissioner Tobin
Milan Eaton, AZCC
Erin Ford Faulhaber, AZCC Policy Advisor to Commissioner Dunn
Bruce Hallin, Director of Water Supply, Salt River Project
Patrick Maloney, AZCC Media Director
Thomas Thurman, Yavapai County Supervisor
Randy Garrison, Yavapai County Supervisor
Chip Davis, Deputy Director, Congressman Tom O'Halleran's Office
Diane Vosick, Northern Arizona University
Ken Dewitt, Navajo County IT Director
John Munderloh, Upper Verde River Watershed Coalition
Chris Fetzer, NACOG Executive Director
Bruce Greco, Natural Resources Advisor, Apache County
Dolly Patterson, Network Administrator, Apache County Library District
Stephen Puhr, Manager of Development & Strategy, Hopi Tribe Economic Development Corp.
Gary Kellogg, Interim Director Greater Prescott Regional Economic Development Partnership
Ginger Johnson, Administrative Director, GPREP
Stuart McDaniel, Vice President Governmental Affairs, Greater Flagstaff Chamber
Cindy Wilson, Deputy Director Coconino County Career Center
Mike Parades, Prescott Valley Economic Development Foundation
Keith Watkins, Director, Arizona Commerce Authority
Stan Goligowsky, Yavapai County Superintendent's office
Michelle Ralston, Assistant to Supervisor Art Babbott, Coconino County

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

I. Call to Order, Welcome and Introductions

Chairman Filardo called the meeting to order at 10:00 AM. She welcomed all and noted a full agenda. She welcomed 2 new members to the Council, Michelle Conway and Eric Duthie. Chairman Filardo also noted that the meeting is under the regulations of the Open Meeting Law and to please refrain from questions or comments from guests during the Council meeting.

II. Pledge of Allegiance

Chairman Filardo asked Rich Bowen to lead in the Pledge of Allegiance. Following the Pledge, she asked for all to introduce themselves around the table, and to identify the organizations they are affiliated with. All introduced themselves.

III. Approval of Minutes – June 1, 2017

Chairman Filardo called for a motion to approve the minutes of the June 1, 2017 minutes. **So moved by Paul Ferris, seconded by Rich Bowen. The motion carried unanimously.**

IV. Chairman's Report

➤ Appointment to Executive Committee – Paul Ramsey

Chairman Filardo noted a short Chair's report in order to yield more time to the guest presenters, however she reported that she has appointed Paul Ramsey to assume the Apache County seat on the Executive Committee, following the resignation of Karalea Cox, former Past Chair. A round of applause followed.

Chairman Filardo read the slate of officers for election as follows:

Chair – Jodie Filardo

Vice-Chair – Paul Watson

Chair-At-Large – Rich Bowen

She then turned the meeting over to Paul Ferris, Chairman of the Nominations Committee, to conduct the Election of Officers.

V. Election of Officers

Mr. Ferris reviewed the opening of the floor for nominations at the June 1, 2017 meeting of the EDC, at which time there were no nominations from the floor. He then called for a motion to approve the slate of candidates. **Linda Hatch made the motion to elect Jodie Filardo as Chair, Paul Watson as Vice-Chair, and Rich Bowen as Chair-At-Large. The motion was seconded, followed by a unanimous vote in favor.** Chairman Filardo thanked Mr. Ferris. Ms. Drew thanked our officers for their hard work. Chairman Filardo turned the meeting over to Ms. Drew for the Director's Report.

VI. Director's Report

➤ Program Update

Ms. Drew opened by noting that she will be brief also as a courtesy to the many guests and to allow ample time for the guest presenters.

➤ Consider Revisions to the EDC Bylaws

Ms. Drew reminded the Council that the EDC Bylaws were officially opened at the June 1, 2017 meeting and is an order of business for action today. The Bylaws were opened for consideration of attendance matters for committees of the EDC. Ms. Drew explained that the Bylaws have attendance requirements for members of the Council, but did not have the same requirements for committees of the Council. Another recommended revision is clarification of how Robert's Rules of Order are used in meetings as a guide, not to the letter. These are the only 2 changes being proposed today. Ms. Drew noted that Council members received copies of the proposed Bylaws revisions prior to the meeting. Chairman Filardo called for a motion to approve the recommended revisions to the Bylaws, **Paul Ferris so moved, seconded by Rich Heath. The motion carried unanimously.** With that, Ms. Drew concluded her report.

VII. Coconino County EDD Assistance Application

Chairman Filardo turned the meeting over to Carol Curtis to bring a presentation on the Coconino County application to the EDA Assistance to Coal Communities Funding initiative. A folder containing the Coconino County EDD Assistance Application and a brief write-up explaining the project was distributed to each Council member. Ms. Curtis noted the interest of Coconino County regarding the pending closure of the Navajo Generating Station (NGS located in Page, Arizona), coal mines, bankruptcy and the loss of jobs. The project is called the Northern Arizona Regional Resilience Initiative. This is the beginning of Phase 2 of an extension of the EDA Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) grant they received last year. The goal of the project is to restore economic vitality in the area impacted by these pending closures and losses. Ms. Curtis noted a

recent analysis she received from the Governor's Office of Economic Opportunity, which predicted that 2,000 jobs would be lost as early as 2018 as a result of loss of the coal-related industries.

Ms. Curtis highlighted the application being considered today, which Coconino County is submitting on behalf of the region to promote regional resilience. The funding being requested is \$275,000, coupled with estimated matching funds of \$68,750, for a total cost of \$343,750. Ms. Curtis explained the special grant funding opportunity the County is seeking to apply for from the EDA – Assistance to Coal Communities. She noted that \$724,000 is allocated for the Seattle Region, and there are only 2 coal-impacted communities in the Region – one in Washington State and the Northern Arizona region. The project will build a city center located in Page in cooperation with another grant received from USDA, which helped fund an Economic Impact Study for the region, produced by John Stigmon of the Economic Collaborative of Northern Arizona (ECoNA). An additional intended outcome will be to identify specialized apprenticeship programs focused on veterans to match current skills and establish local experts in supporting an entrepreneurial economy. Ms. Curtis also pointed out that this project compliments the Comprehensive Economic Development Strategy (CEDS) of the District. She asked for questions. Chairman Filardo asked Kim Johnson of the City of Page for any comments regarding the project. Ms. Johnson remarked about how the City of Page is excited about the great opportunity this project proposes. Other complementary comments followed. Chairman Filardo asked Regional Director Teri Drew to comment on the process for the project from this point. Ms. Drew congratulated Coconino County for the excellent job they did on Phase I through the POWER grant award. Ms. Drew noted that the role of NACOG EDC and the District is to respond to economic conditions, and this project does just that, and it is her recommendation to the Council to approve. Chairman Filardo called for a motion to approve Coconino County's EDD Assistance Application. **Wendy Bridges made the motion to approve the EDD Application as presented by Coconino County, seconded by Ed Steinback. The motion carried unanimously. It was noted for the record that Carol Curtis and Kim Johnson abstained from voting.**

VIII. Navajo County EDD Assistance Application

Chairman Filardo then turned the meeting over to Paul Watson to share his presentation for the same grant opportunity for Navajo County. Mr. Watson began his presentation by affirming everything that Ms. Curtis said regarding the impact of coal industry closures. Mr. Watson noted that Navajo County also experienced the closure of the Catalyst Paper mill in Snowflake in 2012, reflecting the loss of over 300 direct and 150 indirect jobs. Additionally, there are closures and cutbacks in the Cholla Power Plant and Kayenta Coal Mine, and further cutbacks and closures are anticipated. Navajo County is proposing a technical assistance grant for Navajo and Apache Counties. His proposal mirrors the NW New Mexico Council of Governments, which was for the 4-Corners region facing the same economic impacts from these closures. A summary sheet was passed around. Total grant requested is about \$125,000 to conduct an in-depth assessment of the local area and create a strategic plan for economic recovery. Match funding and in-kind service is already in place. Mr. Watson asked for questions. Chairman Filardo asked Supervisor Thompson to comment also. Supervisor Thompson noted that he is very supportive of the efforts by Coconino and Navajo Counties, as well as the Navajo Nation in moving in this direction. He noted that Navajo County and the Navajo Nation are doing everything they can to address the need to do something about pending job loss, and he expressed appreciation for the effort going into these projects. Chairman Filardo asked for questions. Comments followed about the difficult position this area is in at this time. Ms. Drew noted that another role of the EDC and the District is to build economic resiliency, and these grants, although minimal, are the gateway to what can be for the Region. She congratulated Paul Watson for spearheading efforts to bring together esteemed professionals from around the area to have a discussion recently in Show Low in order to get this project off the ground. She thanked him for his efforts and recommended the project for approval. A question was asked about funding sources for these projects, and Ms. Drew noted that these funds will not compete with the EDA Planning Grant funding the District receives. This is a special federal allotment for coal communities, totaling \$30 million, with Seattle Region receiving only \$724,000 of that special fund. Public Works monies will then be added to projects as needed. She passed around a summary of what EDA Public Works funding is for. Supervisor Thompson made comments regarding the steps needed to get manufacturing companies into Navajo Nation, such as improvements in transportation into the area.

Chairman Filardo called for a motion to approve the Navajo County EDD Assistance Application, **so moved by Paul Ferris, seconded by Rich Bowen. The motion carried unanimously. It was noted for the record that Paul Watson and Supervisor Thompson abstained from voting.**

IX. Corporation Commission Broadband Report

Chairman Filardo introduced Arizona Corporation Commissioner Andy Tobin by sharing his public biography. She welcomed him and turned the meeting over to Commissioner Tobin.

Commissioner Tobin shared a power point presentation that highlighted the need for broadband expansion for the State of Arizona public education. He noted that there is a disparity in how rural Arizona is able to achieve the same opportunities in education as the cities, because of gaps in communication. He shared how 1 in 10 schools in rural Arizona have affordable broadband access. The Arizona Corporation Commission (AZCC) and Governor Ducey came together to help create the Arizona for Broadband Education Initiative. Over \$100 million is available through the expiring E-Rate; a federal program that provides discounts to schools and libraries for affordable telecommunications and internet access. This money will be available by utilizing matching funds from the Arizona Universal Service Fund (an excise tax that has been billed on cell phone service for approximately 30 years) – a Universal Fund Charge of about \$0.01 to \$0.15 per month. Commissioner Tobin shared a brief video about the initiative which highlighted the reality that all students deserve equal access to internet. The video noted that there is only 1 year left in the program for schools to apply before funding goes away. Contact information for Milan Eaton of the Arizona Corporation Commission was offered for communities to work through in order to apply.

Commissioner Tobin encouraged NACOG to reach out to school districts to take advantage of this opportunity to put the infrastructure in place in order to be able to expand broadband availability for schools and libraries. He introduced Milan Eaton, who was present at the meeting, and noted that Pat Carpenter of Yavapai County has already signed up 67 schools. Commissioner Tobin reported that a statewide map is being compiled with data showing which schools and libraries are critical in building out digital infrastructure. Schools and libraries have until December 2017 to identify projects. He thanked Governor Ducey, the Arizona Commerce Authority and the Secretary of State for stepping up and assisting with this project. Commissioner Tobin asked for questions. Keith Watkins of the Arizona Commerce Authority commented that Yavapai County Schools is a model for utilizing this initiative. Strength of banding together is key. Mr. Eaton commented on the Yavapai County Consortium RFP to act on the funding to bring the cost down to \$2.84 per megabyte, making internet available to remote areas such as Yarnell and Hillside. Chairman Filardo asked who owns the network. There was talk of a state-owned network, which was too costly. Therefore the state pays the carriers to manage the network. Costs to the carriers should be lower because of the federal funding. Commissioner Tobin noted the AZCC has control over communications as well. Vice-Chairman Paul Watson thanked the Commissioner for stepping up and putting up the matching funds. He noted that, while money is focused on education, it is big enough to follow up with public services as well. Mr. Eaton noted we have for the first time the AZCC pulling groups together to work on this. Commissioner Tobin thanked the EDC for the opportunity to present today. Eric Duthie commented that federal lands complicate the state issues, with the school district in the Grand Canyon. Questions and comments followed regarding the fund availability, the high costs of internet access to families, and making determinations as to where the infrastructure is currently being laid. Commissioner Tobin commented that a new map of infrastructure is in progress. Ms. Drew commented that this opportunity is like “Christmas in August” – time to partner with coalitions at the local level to see how it can make economic impact. Ms. Drew mentioned that she and Chairman Filardo were both on the Digital Arizona Council in the past, and she asked if there is a partnership with ADOT to utilize their construction areas to lay fiber. Commissioner Tobin responded that a partnership with ADOT is good and bad, ADOT is cooperative but doesn’t wait around for carriers to come and lay fiber once trenches are dug, they will close up if no one is there in a timely manner. Commissioner Tobin concluded his presentation. Chairman Filardo thanked him for his presentation, followed by a round of applause.

X. Corporation Commission Forest Bioenergy Discussion

Chairman Filardo then turned the meeting over to Arizona Corporation Commissioner Boyd Dunn to bring another discussion to the Council. Commissioner Dunn noted that sharing his public bio was not necessary and gave a brief introduction to his work prior to coming to the AZCC about 6 months ago. He acknowledged Commissioner Tobin and expressed appreciation for his mentorship. He has served Arizona in a public capacity in local elected office for many years, and is in touch with rural Arizona needs. Commissioner Boyd noted that AZCC has the ability to be involved in several issues in the state of Arizona, and it's exciting to be involved. He spoke specifically to the recent opening of a docket for the study of forestry and how to correct and prevent the issues posed by wildfires. The docket he spoke about is entitled Bio-Forest Energy. The purpose is to look at the opportunity of using the biomass as a source of energy and as a means to be able to clear our forests, partnering with state and federal entities, in a matter of a 20 year cycle. Commissioner Dunn reported that the AZCC is trying to create a discussion as to whether this is a viable solution to the issue. He stated that all parties involved are favorable to initiating this endeavor. Commissioner Dunn asked Bruce Hallin of the Salt River Project (SRP) to share a presentation on the efforts by SRP in the watershed and forest bioenergy. Mr. Hallin stressed that this is an important state-wide issue that many agencies have been working with for the last 5-6 years, noting that protecting our forests also protects the watersheds. Mr. Hallin shared a power point which highlighted that SRP has 7 dams and reservoirs, and the water supply behind them is dependent upon a healthy forest. SRP is the largest water supplier to the City of Phoenix, the 5th largest city in the United States. Ensuring a resilient water supply is directly related to forest health. He shared information about the 2 SRP watersheds and 4FRI and Bureau of Reclamation initiatives around the state. He noted an SRP biomass source in the state land in the Kaibab National Forests.

Mr. Hallin spoke about the wildfires that happen across the state each year. Resulting impacts to these wildfires include reservoir capacity loss, damage to infrastructure and water quality degradation.

Mr. Hallin then highlighted biomass test burning, an opportunity to improve forest health, protect SRP watersheds, protect SRP infrastructure, protect water quality, evaluate as a low cost alternative for energy. Mr. Hallin shared pictures of the material that gets moved through the SPR biomass system; first it gets chipped then transported and sifted again, to ultimately burn together with coal. Findings with these processes show that 2% mix is feasible, but 5% mix is unachievable without making plant modifications.

Moving forward, SRP will evaluate various testing options based on initial results, and additional testing to better understand long-term operations, capacity and costs of operation and to attract forest product industry to Arizona. The purpose in doing the biomass test burn is to encourage industry to locate nearby and utilize the biomass, and to protect the watershed. Lastly, Mr. Hallin noted that the goal is also to attract forest products industry to Arizona. Mr. Hallin then turned the meeting back over to Commissioner Dunn, who thanked Mr. Hallin and commented that it is a challenge. He stated that it is important to move forward with using biomass. Commissioner Boyd suggested that we could reach out to companies who want to come in and invest in the biomass industry, and continue testing biomass as an alternative energy. Commissioner Boyd called for questions. Councilor Lora Lee Nye commented that she is excited because of the work being done in Yavapai County through the Upper Verde River Watershed Coalition, including a successful biofuel manufacture, and a successful coal fire with biofuel at Drake Cement. She noted that work on restoring our watershed is done daily. Commissioner Tobin interjected that they know about initiatives with 4FRI and Chino Valley, but Councilor Nye spoke about the ranchers and private landowners joining forces also, and a co-op is being formed for them. She commended the Commissioners and encouraged them to move forward, but Yavapai County is a little ahead. Commissioner Boyd commented about a conference coming up in November and encouraged all to come and talk to the Commissioners. Chairman Filardo asked Commissioner Dunn to have his staff contact NACOG staff to provide more information to the EDC. More comments followed regarding clean burning of biomass, is it as clean or cleaner than natural gas. Also discussed was the carbon credit and renewable energy sources. Responses included that pollution created by forest fires is greater than pollution

created by biomass process, and the AZCC is working with the Department of Environmental Quality regarding clean air standards. Kelly Patton commented that APS is enthusiastic in participating in the process in cooperation with AZCC and SRP. Other comments and questions followed regarding how many acres the plant area sits on and how many jobs are involved. The response was 120 indirect jobs and 40 direct jobs at Novo plant. John Munderloh commented that UVRWC is working in mixed conifers lands, rather than just Ponderosa Pine. There are also more private landowners involved, and produces a bigger challenge. More comments followed, noting that all are really working together, not in competition.

Chairman Filardo thanked Commissioner Boyd and Mr. Hallin for their report, followed by a round of applause. She thanked both Commissioners for coming and bringing their presentations. She noted that these 2 topics speak to the collaboration that Northern Arizona prides itself in – creating solutions and solving problems.

XI. Tourism Committee Report

Chairman Filardo turned the meeting over to Michelle Conway, Vice-Chairman of the Tourism Committee to bring a brief report. Ms. Conway noted that the Committee is charged and excited about the Fall Tourism Forum, and she encouraged participation by the Council to take part and register, sponsor and donate prizes. She asked for everyone's assistance to participate, noting we are 2 months out from the Forum. Ms. Conway highlighted vendor opportunities for communities to highlight their particular areas. Chairman Filardo asked Ms. Conway to remind everyone of the dates of the Forum and how to register. Ms. Conway replied that the date is October 11-13, 2017 at the Pinetop Country Club in Pinetop-Lakeside, and all the information is available online at the NACOG website. Carol Curtis commented that Coconino County has never participated but has signed up and is on board. Ms. Conway noted who will be on the agenda for the Forum, such as Debbie Johnson of Arizona Office of Tourism, David Drennon of the Arizona Tourism and Lodging Association, Wanda Costen of Northern Arizona University, and panels for best practice and regional interests. Matthew Williams noted that the next EDC meeting is being held at the Forum, and encouraged the Council to attend and stay for the Forum, as it is a beautiful time to be in Pinetop-Lakeside.

XII. Member Comments

Chairman Filardo passed the Member Comment section in the interest of time.

XIII. Public Comments

Chairman Filardo called for comments from the public, hearing none, she closed the Public Comment period.

XIV. Adjournment

Chairman Filardo called for a motion to adjourn, **so moved by Linda Hatch and seconded by Matthew Williams. The meeting adjourned at 11:47 AM.**