

Economic Development Council Meeting ♦ February 4, 2016

Doubletree by Marriott, Flagstaff, AZ

Members:			Members:		
		(Absences YTD)			(Absences YTD)
Sharon Adams	Present	0	Art Babbott	Absent	1
Rich Bowen	Present	0	Wendy Bridges	Present	0
Becki Christensen	Present	0	Karalea Cox	Present	0
Carol Curtis	Present	0	Paul Ferris	Present	0
Jodie Filardo	Present	0	Linda Hatch	Present	0
Mae Horseman	Absent	1	Kim Johnson	Present	0
Susan Johnstad	Absent	1	Steve North	Present	0
Lora Lee Nye	Absent*	1	Julie Pastrick	Present	0
Kelly Patton	Absent	1	Norman Perry	Present	0
Paul Ramsey	Present	0	Casey Rooney	Present	0
Tami Ryall	Absent	1	Ed Steinback	Present	0
Jesse Thompson	Present	0	Paul Watson	Absent	1
Steve West	Absent	1	Jim Wurgler	Absent	1

*Excused Absence

Guests: John Reuter – Town of Tusayan
Richard Heath – GPREP
Evelyn Casuga – Arizona We Want
Don Prince – City of Prescott

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

1. Call to Order/Welcome/Introductions

Chairman Cox called the meeting to order at 10:08 AM. Introductions were made around the table, including two members appearing by phone and Skype. Chairman Cox welcomed everyone.

2. Pledge of Allegiance

Chairman Cox called on Vice Chair Jodie Filardo to lead in the Pledge of Allegiance.

3. Approval of December 3, 2015 Minutes

Chairman Cox asked the Council if anyone had any questions or comments regarding the minutes from December 3, 2015. There were none. **Norman Perry moved to approve the minutes for December 3, 2015, Linda Hatch seconded. Chairman Cox called for a vote, the motion passed unanimously.**

4. Chairman's Report

Chairman Cox reported on the Executive Committee meeting which was held just prior to this meeting of the General Council. She reported that there had been discussions regarding recommendations for EDC membership, as well as some discussion of support for the Tourism Committee. Chairman Cox expressed her appreciation to the Tourism Committee for their efforts on the Tourism Forum coming up in April. She concluded her report and asked if there were any questions or comments. Having none, Chairman Cox turned the meeting over to Regional Director Teri Drew.

5. Director's Report

Ms. Drew reported on the process of approval of the Bylaws, which were directly focused on membership and equity for all members. The Bylaws passed through Regional Council following some refinement of communication processes between the EDC and Regional Council. Mr. Chris Fetzer, NACOG's Executive Director, has formulated a formal process for communication with the Regional Council. Ms. Drew, being the member who represents NACOG on behalf of the EDC will prepare a

memo outlining action items and/or information items, and send it to the Flagstaff office for distribution to the Regional Council members prior to scheduled meetings. There were two memos prepared for February's Regional Council meeting; the first regarding the applications for new membership to the EDC as well as renewals of EDC members; the second memo highlighting the Scope of Work for the Tourism Subcommittee and the upcoming Spring Tourism Forum being planned for April 2016. Ms. Drew encouraged the Economic Development Council members to attend the next Regional Council meeting, currently scheduled for February 25, 2016. She handed out a Regional Council 2016 meeting schedule to the Council members present.

Ms. Drew then gave a synopsis of the Mid-Term Report to the EDA that was completed on January 28, 2016 and submitted to the regional EDA office in Seattle, Washington. Ms. Drew explained that there are two required reports submitted each year, a mid-term report on January 31, which covers activity from July 1 through December 31, and the year-end report due on July 31 for the period beginning January 1 through June 30. The mid-term report referred back to our Comprehensive Economic Development Strategy (CEDS), which serves as the performance document, giving a template for reporting what has been accomplished so far. Ms. Drew's report demonstrated that the Economic Development Division of NACOG had definite activity within all of the CEDS goals and objectives, with the exception of the Northern Arizona University water centers updates, and the US Forest Service outreach and presentations. She anticipates those portions of the CEDS goals being completed by the end of the second half of the year for the end-term report.

The report just submitted highlighted some of the projects in the EDD that were impacted by economic changes related to the coal-dependent communities, particularly the potential closure of the Navajo Generating Station. Ms. Drew mentioned that the interest several communities share regarding the economic and environmental impacts this would have has prompted the common desire to have a forum to discuss these impacts, which is in the planning stages at this time.

Another focus addressed in the report that affects the economy in Northern Arizona is the Apache Railway. Ms. Drew summarized the exciting outcome for a large amount of effort to keep the Railway running, and looks forward to hearing a more in-depth presentation in the near future on the process that went into saving the Railway, a vital part of the Northern Arizona economy.

Ms. Drew then turned her report to the news that Congress has released their 2016 spending package, which gives more focus toward the Economic Development Administration. The total package is \$1.5 trillion for 2016, and EDA fared very well with \$262 million, which is an increase of 4.4%. The Public Works program, directly related to EDD projects and project funding received \$100 million, an increase of 1%. \$35 million was designated to Economic Adjustment, and \$15 million was designated for assistance to coal communities, which is particularly focused on the Apache County project that was submitted and approved by the EDC, and is currently active. Apache County will be encouraged to apply for these funds when they come in. It is expected that these funds would become available in the spring. Ms. Drew stated that she had read that the Navajo Nation has a current grant from this same assistance program in the amount of about \$135,000 for planning efforts. She was happy to see that the Northern Arizona area has been able to benefit from these funds. Ms. Drew then reported that the EDA is expected to announce award winners for the 2015 Regional Innovation Grant, which is a large sum of money intended for large regional educational, economic or non-profit organizations seeking to put together seed capital for economic development activity. The grants are limited to \$500,000 and also require a \$500,000 match. It is not a loan program, but is to help develop a loan program for capital lending to projects in the region. There was no application participation from Arizona in this particular project, however it could be a good opportunity for some of the Northern Arizona educational and training programs in the future, like Northern Arizona University and Northern Arizona Center for Entrepreneurship and Technology (NACET). With that, Ms. Drew concluded her report.

Chairman Cox called for questions or comments. A question was asked about non-profits to have the same opportunity to apply for the same grants and the funds being available for all. Ms. Drew commented that the funds should be available to all. The EDA grant money is allocated by region, and Northern Arizona is part of the Seattle Region, which covers a very large area from Alaska to Guam. Competition is very high, but if the Navajo Nation wanted to apply for funding again, it is her belief that they would be eligible to do so.

Another comment was made requesting more information on the coal community grant as well. Also mentioned was that the Generating Station meeting eluded to earlier in Ms. Drew's report has been moved from sometime in March to April 28, 2016 in Page, Arizona. Ms. Drew will make available the information on the coal communities grant. Chairman Cox encouraged all who may be feeling an impact to apply for the grants.

With no other questions or comments, Chairman Cox invited Mr. Don Prince to share an update on the Tourism Subcommittee.

6. Tourism Update

Don Prince, the Tourism Director for the City of Prescott, Arizona and EDC Tourism Subcommittee Past Chair, reported on behalf of Chairman Lee McMichael on the meetings of the Tourism Committee. He outlined the reorganization of the Tourism Committee over the last year. Mr. Prince reported that at the Retreat held in Page, Arizona last summer, the committee outlined the Scope of Work, the goals and objectives of the Tourism Committee, as well as laying down preliminary plans for a tourism forum. The Scope of Work includes the CEDS goal to "Improve the quality of life and unique natural/cultural amenities as well as outdoor recreational opportunities that make Northern Arizona a great place to live and visit."

The first objective outlined in the Scope of Work is to partner with the Arizona Office of Tourism and other state and regional tourism organizations to promote their marketing and training programs and events throughout the EDD by supporting tourism events in the state and region, improve communications with the EDC and Regional Council on Tourism initiatives, and provide education seminars to support communities.

The second objective is to serve as an informal resource for assistance to EDD communities regarding marketing/promotions and encourage regional joint marketing opportunities by creating a link on NACOG's website for assistance on regional tourism, to act as a resource bureau, present committee bios on the website, offer Best Practice case studies, to form a subcommittee to advocate for tourism, and to attend related events.

The third objective is to continue to strengthen sub-regional tourism efforts through the sharing of best practices, promotion and product development by hosting a 2016 Spring Tourism Forum, and by demonstrating product development for rural areas, and to provide educational presentations and materials on the economic impact of tourism in the NACOG region, in support of tourism areas.

Chairman Cox asked the Council for questions or comments for Mr. Prince. She commented that the Scope of Work will need to be approved by the EDC today. She also noted that she feels it's important that the EDC build up and support the efforts of the Tourism Committee and promote the website to their local communities. She asked for more detail on the subcommittee to advocate for tourism. Mr. Prince stated the subcommittee will act more as legislative advocates to try to get increased funding for tourism efforts.

Mr. Prince showed the Council a brief power point presentation on U.S. travel industry impact and an Arizona Tourism Overview. Mr. Prince noted that the numbers presented are the 2014 statistics, because of how the reports are generated. The 2015 statistics will be available later this year. \$2.1 trillion was generated nationally from travel in 2014, supporting 15 million jobs. Business travel made up about \$238 billion of that amount, and on the leisure side it amounted to about \$645 billion. The tax revenue generated by travel saves U.S. taxpayers each about \$1,127 in taxes because of the taxes generated by tourism. Arizona hosted almost 21 billion overnight visitors in 2014, generating \$21 billion in direct spending, 171,500 jobs and \$2.8 billion in federal and state and local taxes. That equates to a tax break of \$1,150 per Arizona household. Arizona tourism ranks #1 in state industry. The presentation broke down travel spending in each of the four counties included in the Northern Arizona region, Apache, Coconino, Navajo and Yavapai. It also broke down travel impacts by Legislative District.

Mr. Prince then reminded the Council of the "Roots to Success" 2016 Spring Tourism Forum, scheduled for April 13-15, 2016.

Questions and discussion followed Mr. Prince's presentation regarding projected numbers for 2015, due to national events scheduled in 2015-2016. Mr. Prince replied that he feels the numbers will be even better in 2015 and 2016. Another question was asked about getting a copy of the statistics, and Mr. Prince noted that he will make the power point presentation available to the Council either directly or through NACOG's office. There was brief discussion regarding the revenues generated by travel within counties. The Arizona Office of Tourism tracks internal numbers and makes the data available on the website. There followed more brief discussion regarding the planning of the Tourism Forum and who would be available for more information on Arizona Office of Tourism. Chairman Cox encouraged all to participate in the Forum, and thanked Mr. Prince for his presentation, which was well received.

Chairman Cox then called for comments or questions regarding the Scope of Work for Tourism. Teri Drew commented that it was important for the Council to understand that the Scope of Work came directly from the CEDS and the Tourism Committee laid out the goals and objectives, then prioritized them for this particular year. Chairman Cox asked for a motion to approve. **Jodie Filardo moved for approval, Kim Johnson seconded.** A call for further comments was made, and some discussion followed regarding the communication with the Tribal government and their involvement in the process, which has been sought. A suggestion was also made to utilize the members of the committee as resources for information and contacts regarding tourism issues. **Chairman Cox called for a vote, motion passed unanimously.**

7. Membership Considerations

Chairman Cox invited Wendy Bridges to bring a report on the Membership Committee on behalf of Carol Curtis, who commented that she was there by phone for support.

- **Membership Renewal Consideration**

Ms. Bridges moved to accept the Membership Committee's recommendation for the renewal of Lora Lee Nye's membership on the Council. Chairman Cox asked for comments, to which Teri Drew mentioned a note from Ms. Nye that was attached to her application that she would be honored to serve. **Norman Perry seconded. Motion passed unanimously to accept Lora Lee Nye's membership renewal for Private Sector seat in Yavapai County.**

- **Yavapai Private Seat**

Ms. Bridges moved on behalf of the Membership Committee to accept the new membership of Richard Heath from the Greater Prescott Regional Economic Partnership.

- **Coconino Public Seat**

Ms. Bridges also moved to accept the new membership of John Rueter of the Town of Tusayan. Julie Pastrick seconded the motion. Chairman Cox called for comments, noting that both of these candidates are present at the meeting. Discussion followed regarding their qualifications and availability being excellent. **The motion to approve the membership of Richard Heath and John Rueter passed unanimously.**

Chairman Cox extended a welcome to the newly approved candidates. Ms. Drew mentioned that the new Bylaws require that the Council replace a seat for a like seat, and these two new memberships were to replace Steve Rutherford of GPREP and former Mayor Greg Bryan of the Town of Tusayan, and she thanked Carol Curtis for her leadership of the Membership Committee and the committee members for their work.

- **Navajo County Private Seat Vacancy**

Ms. Bridges then noted for the Council that there is a vacancy yet to be filled on the Private Sector for Navajo County. With that, she concluded her report. Discussion followed regarding

recruitment efforts and potential candidate areas to look for. Chairman Cox asked if there was anything more, and thanked the Membership Committee.

8. The Arizona We Want Presentation

Chairman Cox introduced Ms. Evelyn Casuga who brought a Power Point presentation on "Arizona Comes of Age – Vision 2025". Ms. Casuga represents the Center for the Future of Arizona, whose mission is to help define and shape Arizona's future through an action-oriented agenda that focuses on issues critical to our state. A booklet by the same name was handed out to the Council. The presentation outlined Citizen Goals – Building Blocks of Prosperity. The greater percentage of Arizona is made up of people from somewhere else. Ms. Casuga highlighted the results of a recent Gallup poll regarding Arizona's goals. The poll showed that 12 % of Arizonans believe their communities don't care about each other. There was a lot of discussion during the presentation regarding the smaller rural areas not being reflected accurately in the poll highlights presented. Ms. Casuga will make available a breakdown of the data to reflect more of the rural area opinions. Ms. Casuga also pointed out that the numbers were reflective of Arizona as a whole. Discussion also followed regarding primary voting laws in the state. Ms. Casuga thanked everyone for their candid discussion, before continuing.

Ms. Casuga then continued with the low percentages in the state of Arizona of education proficiency and college eligibility among the state students. The trends for Latinos in the state are low in comparison to the percentages of population. There has been a considerable loss in the funding of K-12 since 1992. Arizona is high on the list of some states to cut spending on education. This sparked more discussion regarding poverty levels and the small percentage of high school graduates going on to higher educations.

Arizona's per capita income has fallen significantly since the 1980s. 68% of Arizona jobs will require post-secondary education and training by 2020. It was commented that the problem is that the root cause of these issues is not being addressed. Considerable discussion followed regarding the funding of schools and Prop 123, a funding program that is bigger than ever before, and needs to be utilized to bring Arizona back up from 49th position nationally in funding of schools. Discussion started regarding waste in spending by the administration of governments and schools that needs to be addressed.

Ms. Casuga continued the presentation highlighting the projections of infrastructure, etc. Arizona is in good shape regarding infrastructure, being a newer state. She then concluded the presentation with the Vision. Addressing the root of the problems by starting with our youth is crucial, utilizing tools available to give them the education they need to succeed in the workplace. Ms. Casuga informed the Council that the slideshow will be available to them through the NACOG office. She concluded her presentation by highlighting several good things that are happening in Arizona, such as the Apache Railway, and encouraged fresh stories of more good things so that word can get out about what's going on. Chairman Cox thanked Ms. Casuga and asked for any more questions or comments. There were none.

9. Greater Prescott Regional Economic Partnership Overview

Chairman Cox turned the floor over to Richard Heath, Executive Director of the Greater Prescott Regional Economic Partnership. Mr. Heath gave an overview of his history in economic development as the Economic Development Director in a large county in Wisconsin for several years, and as an Executive Director for a Regional Planning Commission in the state of Wisconsin, overseeing 8 counties, as well as being the Economic Development Planner over that region. He brings many years of experience with EDA and CEDS planning.

Mr. Heath brought a power point presentation of the GPREP history and make-up and mission: To create a regional identity to help local companies expand, attract new quality businesses, and foster capital investment in the Greater Prescott Region. The Region covered by GPREP is Prescott, Prescott Valley, Chino Valley and Dewey-Humboldt, between 120,000 – 130,000 population. Mr. Heath reiterated the challenges that face the region and the state of Arizona as a whole. The focus areas are marketing, recruitment, retention and expansion, research and capacity building and investor relation. GPREP markets to the neighboring states for businesses that may be seeking to relocate nearby, and fully vets

business inquiries that seek to relocate to the Greater Prescott area before they make a decision, assisting them with site selection and the business tools available to the area.

GPREP also has a Business Action Team, organized to coordinate a regional approach to business development. This team is made up of individuals from each of GPREP's member municipalities, core communities, NACOG, Yavapai College, APS and Arizona Commerce Authority. Creating jobs is the GPREP industry focus through assisting manufacturing start-ups with "right size fit" companies of 15-30 employees. GPREP also focuses on aviation and aerospace, and defense and security, working with Embry Riddle Aeronautic University and their programs and curriculum offered. Embry-Riddle is one of the first universities in the country to offer a degree in Cyber Security.

Mr. Heath then summarized the progress to date of the GPREP organization, which is contributed to in a large way by the GPREP website. He also shared the marketing plan, to include social websites such as Facebook, newsletters, digital marketing designed to target regional location needs. GPREP is also looking at working with an outside and site selection consulting firm to build economic development to expand regional capacity. Everyone who hears about GPREP can pass the word along to the people they know. Mr. Heath concluded his presentation by opening the floor for questions or comments. There were none, and Chairman Cox thanked Mr. Heath for his presentation.

10. Member Comments

Chairman Cox called for Member comments. Each member shared an update regarding their particular communities. Many good things in business development were reported to be happening in Northern Arizona, such as:

- A large bank moving into the Apache County city of St. Johns,
- A South Korean company looking at Paulden in Yavapai County for the start-up of a wood pellet manufacturing business geared toward offering an alternative heating source.
- Other highlights included local improvements made within communities throughout Northern Arizona, as well as some re-zoning efforts to improve cost savings for residents in Navajo County.
- There were two new manufacturers coming in to Yavapai County, a manufacturer of prosthetic devices and a company called Final Visions from southern California and will soon be breaking ground on a 30,000 square foot building. There was also a tourism study just completed at Northern Arizona University that noted that 61% of the visitors to the Prescott area come from out of state. One of the things that attracts visitors in Prescott is a newly opened trail system which goes for 54 miles around the City of Prescott and into national forest lands.
- On the Navajo Nation and in Navajo County, talks have been ongoing regarding the impacts of the possible transition from coal-fired energy to alternate sources, as well as talks about the Apache Railway.
- There is a new Shopko opening up in Springerville in February, to replace a store that went out of business before Christmas.
- The Verde Valley also did a study on tourism for over a year, and there is currently a project on the growing wine industry called "89 and Fine", which is boosting housing and jobs in the Verde Valley. The annual "Tilted Earth Festival" in wine country is scheduled for June. There is also an Economic Development meeting scheduled in February, facilitated through NACOG, bringing developers in Yavapai County together to share economic development resources available. There is a Northwest Mayoral Economic Update coming up in Kingman, an Arizona Association for Economic Development sponsored event. The Verde Valley recently submitted a \$600,000 grant request to the USDA for their revolving loan fund, which will add the availability of another 10-20 loans of up to \$50,000 each.
- Northern Coconino County will be hosting an economic forum in April in Page to address the power plant issues.
- The Flagstaff area has picked up two family-owned manufacturers that have re-located to their area from California because of the regulations putting them out of business there. There is an egg farm potentially coming to Snowflake. Flagstaff has generated about 800 base-level jobs and another 800 retail jobs, yet lost 300 jobs when Walgreen pulled out last year.
- An Arizona Rural Policy Forum is scheduled for August 10-12 at Pinetop-Lakeside.

- Clarkdale is preparing for El Nino flood conditions. There was a good turn-out for a preparedness meeting in late January, with Clarkdale being the first community on the Verde River that will be impacted by floods. Clarkdale is also starting a CDBG project in April to renovate their 100 year old Clark Memorial Clubhouse, to upgrade the bathrooms to ADA compliance. Clarkdale is additionally continuing their specific area planning project to create smaller area plans for their commercial corridors. There are several other events planned for upcoming months.
- Page, Arizona City Council has developed strategies for the coming year, mostly economic development related items. Tourism has been taken in-house and turned the Tourism Board into a Community Development Advisory Board for Page, expanding their efforts into more community development and quality of life issues. The Page Zoning Code is being redone to make the process of developing more relevant.
- Show Low is working on developing more retail projects as well as implementing their collaborative market with Real AZ Corridor. They will be holding their second Business Boot Camp to develop new entrepreneurs for their area.
- The Yavapai County Industrial Development Authority gave final approval for an approximate \$8 million financial bond issue for the West Yavapai Guidance Clinic. There are 2 other bond applications in the starting stages.
- April 24–27 there will be an Arizona Town Hall held in Tucson regarding the economic relationship between Arizona and Mexico. There will be another one held in the Community Town Hall hosted in Cottonwood in March to assist those who can't make it to Tucson.

That concluded member comments.

11. Public Comments

Chairman Cox called for comment from the public. There was no public comment.

12. Adjournment

Chairman Cox called for a motion to adjourn. **Kim Johnson made the motion, Norman Perry seconded. Meeting adjourned at 12:35 PM.**