

Economic Development Council

Meeting Minutes

August 5, 2021 • 10:00 AM • Doubletree by Hilton, Flagstaff, Arizona
and Zoom Virtual Meeting

Presiding Officer – Richard Bowen, Chairman

Attendees	Present/Absent	Number of Absences in 2021
Richard Bowen, Chairman	Present	1
Paul Ramsey, Vice-Chairman	Present	0
Norman Perry, Chair-At-Large	Present	0
Art Babbott, Executive Member	Present	1
Steve North, Executive Member	Present	0
Steve Ayers	Absent	1
James Brimhall	Present	0
Becki Christensen	Present	2
Paul Ferris	Present	0
Craig Fritsinger	Present	0
Linda Hatch	Present	0
Jeff Hays	Absent	1
John Heiney	Present	0
Peiter Hjertstedt	Present	0
Keith Johnson	Absent	1
Gretchen Kitchel	Present	0
Eric Marcus	Present	0
Gregg Martinez	Absent	1
Lora Lee Nye	Present	0
Chris Pasterz	Present	0
Julie Pastrick	Absent	1
Kelly Patton	Present	1
Alberto Peshlakai	Present	2
John Saltonstall	Present	0
Alton Joe Shepherd	Absent	2
Molly Spangler	Absent	1
Maggie Tidaback	Absent	2
Keith Watkins	Absent	2

Guests: Dr. Han-Sup Han, NAU; Rich Edwards, NAU; Steve Peru, Coconino County; Debra Raeder, ABEC; Helen Costello, Coconino County; Tara Jackson, Arizona Town Hall; Patricia Norris, Arizona Town Hall; Dr. Regina Cobb, AZ Leg. Dist. 5 Representative; Director Andy Tobin, AZ Dept. of Administration; Aaron Ball, Center for the Future of Arizona; Cindy Erwin,

Center for the Future of Arizona; Coral Evans, Senator Kelly; Judy Sulltrop, Senator Kelly; Michele Ralston, Senator Kelly; Cheryl Barlow, Coconino Co. Supervisor Judy Begay; Naomi Yazzi-Sloan.

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

I. Call to Order, Welcome and Introductions

Chairman Richard Bowen called the meeting to order at 10:15 AM. He called on Executive Assistant Julia Sawyer to call roll – a quorum was present.

II. Pledge of Allegiance

Vice Chairman Paul Ramsey led in the Pledge of Allegiance.

III. Approval of Minutes – June 3, 2021

Chairman Bowen called for questions or comments on the June 3, 2021 meeting minutes, there were none. He called for a **motion and second to approve the minutes as drafted; so moved by Norman Perry and seconded by Paul Ramsey. The motion carried unanimously.**

IV. Chairman’s Update

Chairman Bowen recognized member Linda Hatch for seven years of service on the EDC. Following words of commendation, Chairman Bowen presented Ms. Hatch with a plaque of recognition. A round of applause followed. Ms. Hatch expressed her gratitude for the recognition.

Chairman Bowen tuned the floor over to Regional Director Teri Drew for the Director’s Report.

V. Director’s Report

➤ **District Update**

Ms. Drew began her report by briefing the EDC on the long-awaited American Rescue Plan Act (ARPA) Notices of Funding Opportunities (NOFO). These NOFOs total \$3 billion to be distributed through the U.S. Department of Commerce Economic Development Administration, an unprecedented opportunity focused on economic development. Ms. Drew outlined the programs as follows:

1. Build Back Better Regional Challenge - \$1 billion, managed by headquarters in Washington DC
2. Good Jobs Challenge - \$500 million for housing, transportation and anything related to workforce development
3. Economic Adjustment – includes funding for coal communities
4. Indigenous Communities – \$100 million for tribal funding opportunities
5. Statewide Planning & Research - \$900 million

Ms. Drew reported that the Seattle Region’s allocation of the funding amounts to \$160 million in competitive dollars between the eight states and six districts of the Region. Ms. Drew noted the importance of the NACOG District communities to be vigilant in pursuing projects and funding to be competitive enough to be awarded some of these funds. Ms. Drew also noted that other funding opportunities may be advantageous to pursue for broadband projects, such as NTIA and USDA grants.

Ms. Drew also reported that EDA projects under the ARPA NOFOs must fall under the EDA Investment Priorities:

- Equity – for all populations and economic conditions
- Workforce Development & Manufacturing – competitive skills training and high-tech manufacturing
- Technology-Based Economic Development
- Environmental Sustainability
- Exports and FDI

Local projects applying for EDA grant funding must demonstrate at least one of these investment priorities. There are several webinars available through EDA regarding the NOFOs, and applicants are urged to “think big” and “think bigger”. These are unprecedented funding opportunities through EDA, and can now transcend borders between neighboring districts and states. All ARPA funds must be obligated by September 2022.

Ms. Drew also reported that 25% of the ARPA funds are being designated for tourism-related projects and will be managed as block grants to states. The Arizona Office of Tourism (AOT) also received \$110 million from ARPA. Several opportunities will be available and can be viewed and applied for on the AOT website. She referenced a project the City of Show Low is embarking on that includes the construction of a large sports facility which would likely be eligible under the AOT grants. Ms. Drew encouraged communities to take advantage of the opportunities.

Ms. Drew continued her report with an update on the Regional Broadband Strategic Plan, noting that we are about halfway through the contract with Magellan Advisors. The survey that was conducted over a 10-week period was important for obtaining clear and accurate data for planning and funding purposes. Ms. Drew specifically stated that the goal is not to compete with communities in their broadband planning efforts but to create a plan that demonstrates the overarching need and that blends with community efforts. The survey was very successful and received more than 4,500 responses, and Ms. Drew noted that Chairman Brown and Yavapai County provided an extra push for the survey through the free library district and the school district, resulting in 3,400 survey responses. Ms. Drew expressed her appreciation to Chairman Brown for taking an interest in the success of the survey for Yavapai County.

Ms. Drew reported that Magellan Advisors wrapped up their workshops last week and is moving toward finalizing the plan, which is expected to be completed in November. She noted that she meets with Magellan Advisors regularly and is updated frequently. Broadband is a priority in Northern Arizona. With that she concluded her report.

Chairman Bowen took a moment to welcome former Flagstaff Mayor Coral Evans, who now Senior Staffer U.S. Senator Mark Kelly’s Arizona office. Chairman Bowen encouraged members to reach out to Ms. Evans with questions about Senator Kelly’s work for economic development, noting Senator Kelly’s involvement in encouraging a business to relocate from Michigan to Arizona. He also noted Director of Administration Andy Tobin’s involvement in the same outreach.

VI. Arizona State Budget Briefing & Community Investment

Chairman Bowen introduced Arizona State District 5 Legislator Dr. Reginal Cobb to bring a briefing on the State budget and broadband initiatives. He provided a brief biography of Dr. Cobb prior to turning the floor over to her, noting particularly her role as Chairman of the Appropriations Committee. Dr. Cobb thanked Chairman Bowen for the introduction, and noted that Mr. Tobin speaks very highly of the EDC, recommending that she attend today’s meeting. Dr. Cobb noted that some of the priorities mentioned during the Director’s report are on her briefing this morning.

Dr. Cobb noted that the most recent Legislative Session was the longest, most difficult session she had ever experienced – 172 days. It was the third longest in history. She listed several reasons for the lengthy session which contributed to the difficulty in getting anything accomplished.

Dr. Cobb reported that she and some other House and Senate representatives will be doing a “Budget Road Show” over the next several weeks, noting that they have been invited to present at Northern Arizona University (NAU) in

coming weeks, much the same as she is doing today for the EDC. She highlighted some of the major accomplishments from this year:

1. Tax Cut – Legislature finalized a 2.5% flat tax, with the top rate being 4.5%. This will go into effect over a three year period. Also included is a reduction in commercial property tax of 2% over four years, and a homeowner rebate increase from nearly 47% to 50% to help offset the effect of the commercial tax reduction. Dr. Cobb noted that the homeowner will not notice a change in their taxes as a result.
2. Infrastructure – the number two thing accomplished during this year’s Legislative Session. Dr. Cobb noted that there is \$230 million in special projects all around the state, which is significant. For rural Arizona, \$109 million has been earmarked for road improvements for any road that is “poor” or “fair”. This is on top of what the Arizona Department of Transportation (ADOT) is already doing.
3. Broadband - \$100 million is designated for broadband, with \$75 million of that amount designated for rural broadband. That doesn’t count the \$55 million for Smart Highways that the Governor designated in the budget earlier this year for I-40 East and West. This will enhance connections and last mile. Dr. Cobb noted special efforts she has made with ADOT to get easements opened to allow connections, a bill she ran this year that passed.

Dr. Cobb remarked that in the past wars, good things have come about as a result, including railroad. She noted that this past year has been somewhat of a war, and some of the outcomes has been broadband and telemedicine, putting telemedicine into law. She reported that we are one of the first states to have interstate telemedicine. Dr. Cobb noted that broadband affects education, a very important piece. She noted that Mr. Tobin provided her with a Magellan Advisors report that demonstrated large “holes” in broadband connectivity.

Dr. Cobb highlighted a few more accomplishments, such as \$18 million for aviation, another big piece of infrastructure. She noted that there are a couple of airports in the NACOG region that will be able to utilize this funding. This includes a 9 to 1 match from the State. Education, both higher education and K-12 - \$92 million to universities, and \$900 million for K-12. Dr. Cobb noted that these funds don’t include the American Rescue Plan Act (ARPA) funds also being applied. The State funding is intended to fill the gap for those schools that didn’t receive ARPA funding because they are not Title I schools.

Dr. Cobb noted other items that are in the budget, such as tourism, criminal justice reform, community colleges and STEM programs. Dr. Cobb mentioned the Reach Out Program in Yavapai County, which is a criminal justice reform project that triages prisoners coming into the jail system to determine the avenue of assistance to determine whether jail is appropriate.

Also in the budget are Veterans services, election integrity and water infrastructure. Dr. Cobb noted her work in water infrastructure, both in Mohave/La Paz Counties and throughout the state, noting water as a significant passion for her. She commented that rural Arizona doesn’t need to be designated as an Active Management Area (AMA), but she advocates that water should be free for everyone. Water and drought mitigation have been a real issue and the State is in Tier 2 of a Drought Contingency Plan to address the issues. \$200 million has been designated for the drought mitigation plan. Dr. Cobb described the initiatives that the State Legislature is developing regarding water and groundwater preservation. With that she concluded and asked for questions or comments. Some discussion followed regarding the water mitigation efforts and education spending. Ms. Drew commented on some of the state and federal grants not having matching fund requirements, noting that obtaining matching investments makes projects more viable. Dr. Cobb agreed, it makes for more robust projects, including state, community and private investments, which brings more leverage to the table. Other comments followed regarding Arizona Commerce Authority’s (ACA) broadband funding efforts.

Chairman Bowen thanked Dr. Cobb for her briefing, her leadership and engagement.

Chairman Bowen noted that Dr. Han-Sup Han and Rich Edwards from NAU Ecological Restoration Institute provided a handout for the EDC today with an update on the Forest Training Center project being funded by the U.S. Department of Commerce Economic Development Administration (EDA). Chairman Bowen noted the importance of forest restoration to the economic health of the NACOG District.

VII. State Recovery Initiatives

Chairman Bowen introduced Director Tobin, providing a brief biography as background. Chairman Bowen noted that Director Tobin has been a champion of Northern Arizona and rural communities for many years.

Director Tobin opened with a video from the State that highlighted the Governor's efforts through the Department of Administration to encourage COVID-19 vaccinations of state employees that took place beginning in January. He then thanked Chairman Bowen and the EDC for the opportunity to share today, and complemented Dr. Cobb's advocacy for rural Arizona.

Director Tobin described his position as Director of the Department of Administration (DOA) as being similar to a County Manager or City Manager, but for the State of Arizona. He noted his appointment by Governor Ducey 2 ½ years ago has been an incredible opportunity.

Director Tobin noted that communities responded so well to the COVID-19 vaccinations, noting the assistance of the National Guard. The State's efforts as shown in the video were to alleviate some of the community burdens during the vaccination period by creating their own opportunity for state employees to be vaccinated. He reported 20,000 people utilized the temporary vaccination clinic that was set up at DOA's parking lot in January 2021.

The DOA houses accounting, information technology, human resources and legal matters for the State of Arizona. Director Tobin also noted that DOA handles procurement also on behalf of communities to assist for better efficiency. DOA also created a cyber-security division that the Governor moved from DOA to Homeland Security. Director Tobin noted the importance of building cyber security alongside broadband development.

Director Tobin then spoke about his perception of the future of the State of Arizona. He noted that Arizona has "grown up," whose growth has expanded and there is a lack of housing inventory to manage the growth. The economy is growing and policies are being implemented to assist businesses to stay and grow. The ACA was "birthed" less than 10 years ago as a public/private partnership to assist business statewide. Director Tobin noted that Arizona is the gateway for the America's trade into the future. Arizona is the growing manufacturing capital in the nation. He related the story of his aeronautics manufacturing company from several years ago in Yavapai County selling aviation parts to major manufacturers such as Boeing, Honeywell, NASA and the military, who weren't located in Arizona, but now are. He noted that when 9/11 happened his company almost went bankrupt, but NACOG Economic and Workforce Development Division helped him keep his employees there. Director Tobin noted that manufacturers are moving to rural Arizona, and now is the time to work together to benefit from the booming growth in Arizona and do it the right way.

Director Tobin reported that the Governor recently place the School Facilities Board under the DOA umbrella to ensure that facility repairs are quickly made, particularly in rural areas. County School Superintendents will be receiving a letter next month from Director Tobin to identify how many dollars will be invested in the schools repairs in each County. He noted new school building construction in the works as well. Director Tobin then spoke of other initiatives that are moving forward quickly to expand the economy of the State.

Director Tobin closed by saying that Arizona Government is changing, noting that they will likely have 1 million less square feet in government office space by this time next year, due to the ability to hire workers that can work from home. This reduces costs, and he noted \$1 billion in unfunded repair and maintenance that needs to be done. He

noted that this will save costs and allow the important projects to move forward. He noted that the Governor's Chief of Staff and Deputy Chief of Staff both resigned this morning to take job opportunities elsewhere. Chief Operations Officer Dan Luis will step in to fill that position for the time being. He noted that it's unusual for an administration to keep the same staff for this long - a reflection on a good administration. He then paused for questions and comments. Eric Marcus complimented Director Tobin for his successes in getting things done with integrity and commitment. Director Tobin closed with comments regarding the positive spirit of rural Arizona. Dr. Cobb also complimented Director Tobin's partnership with the State Legislature. Ms. Drew thanked him for always supporting NACOG.

VIII. NACOG Economic Recovery & Resilience Plan Review/Approval

Chairman Bowen called on Arizona Town Hall (ATH) President Tara Jackson and ATH Immediate Past Chair and Retired Judge Patricia Norris to present the NACOG Economic Recovery & Resilience Plan. He noted that this Plan will be considered for approval today.

Ms. Jackson thanked the EDC for bringing ATH into this process of developing the Regional Recovery & Resilience Plan, noting that Judge Norris will be speaking as well. Ms. Jackson began by noting that although they live in Maricopa County, both she and Judge Norris have family and ties to the NACOG Region. She commented that this process has been a learning and listening education for them throughout.

Ms. Jackson provided a brief overview of the process used for the analysis of the report. Beginning with the approval of the 2020-2025 Comprehensive Economic Development Strategy (CEDS) in 2019, Ms. Jackson noted that ATH's role was to see how the CEDS fared throughout the pandemic. She identified the goal of the project as to see what lessons were learned and how to augment the CEDS with a Recovery & Resilience Plan based on analysis on all of the Town Hall listening sessions and input from the communities. Ms. Jackson noted that, in addition to the assistance from NACOG staff, there was input from the NAU qualitative survey data that was produced from a series of business surveys, and from other work ATH has been doing statewide in the Creating Vibrant Communities project. Also included was information from state agencies such as Arizona Office of Tourism and data from Office of Economic Opportunity. All the information gathered was partnered with the Town Hall sessions and considered in the preparation of the Plan being considered for approval. Ms. Jackson introduced retired Judge Pat Norris to provide an overview of the content of the Town Halls.

Judge Norris reported the six Town Hall sessions held in 2021 with over 300 participants. She noted of interest was the commonality between all four counties and tribal nations regarding lessons learned from past disruptions to the economy, what actions would allow us to economically withstand economic disruptions, and how can we better align our communities and the region as a whole in response to economic injury and be resilient. The participants ranged from a variety of locations and interests, but had agreement on many key points throughout the sessions:

- Effective Communication
- Broadband
- Relationships between and among constituents, governments and tribal nations
- Disaster planning in advance
- Expansion of tourism and recognition of tourism as a base industry
- Diverse and educated workforce
- Engage and involve tribal nations as critical player in regional resilience

Judge Norris noted that strategies were also identified for moving forward with planning resilience:

- Regional broadband planning coordination
- Identify mechanisms to mobilize volunteers in our communities

- Communication strategies at the local and regional level
- Coordination with tribal nations

Judge Norris noted that participants embraced the priorities and goals in the 2020-2025 NACOG CEDS and offered suggestions for expanding some of the goals, including Focus Area 2 – Economic and Community Health to better coordinate services locally and regionally; Focus Area 4 – Maximize Available Assets and Support Existing Businesses to lobby to get tourism recognized as a base industry in the region to have better access to grant funding in support of tourism.

Judge Norris concluded by noting that participants stressed that regional coordination will bring about the regional resilience to rebound from economic injury. She thanked Ms. Drew for the opportunity to work with her and Ms. Sawyer on this project, and opened the floor for questions or comments. Ms. Jackson added that summary reports on all of the Town Halls are included in the Appendix of the Plan. Positive comments followed with discussion about moving forward from here. Ms. Drew commented that this report is not a shelf product, but will be applied to goals and priorities identified in the Scope of Work moving forward. Eric Marcus noted that he is the Vice Chairman of ATH and was able to sit in on each of the Town Halls, noting that the final report was well written and consistent with what took place. He then made a **motion to approve the 2021 NACOG Economic Recovery and Resilience Plan, seconded by John Heiney**. Chairman Bowen called for further discussion, hearing none, he provided positive comments and expressed his appreciation for the work. He then called for a vote – **the motion carried unanimously**.

Ms. Drew provided comments regarding the planning for the Town Halls and for the Plan, noting the suggestion of Eric Marcus to engage with ATH. She then presented a plaque to Ms. Jackson and Judge Norris in appreciation for the partnership with Arizona Town Hall. A round of applause followed.

The meeting recessed for lunch.

IX. Membership Committee Report

Following recess, Chairman Bowen called on Paul Ferris to bring the report of the EDC Membership Committee. Mr. Ferris reported regarding the July 28, 2021 meeting of the Membership Committee to consider applications to fill a Yavapai County seat that termed out, reporting that the Membership Committee recommended unanimously Yavapai County Supervisor Mary Mallory to the seat. Supervisor Mallory has served as District 5 Supervisor since 2019, was recommended by Coconino County Supervisor Matt Ryan, and is a member of Regional Council Executive Committee. Mr. Ferris turned to Chairman Bowen for a vote to **recommend Supervisor Mallory to Regional Council for appointment to the EDC for a three-year term to expire in August 2024**. Chairman Bowen called for a **motion and second to approve; so moved by Eric Marcus, seconded by Linda Hatch. The motion carried unanimously**. Mr. Ferris concluded his report by offering on behalf of the Membership Committee their appreciation for the service of Linda Hatch to the EDC, and also provided a recap of current vacancies on the EDC in Apache and Navajo Counties.

X. Assistance to Coal Communities Project EDD Application – Center for the Future of Arizona Pathways to Prosperity

Chairman Bowen turned the meeting over to Aaron Ball and Cindy Erwin of the Center for the Future of Arizona (CFA) to present an EDD Assistance Application for a Technical Assistance EDA Grant to the Arizona Pathways to Prosperity branch of CFA. Mr. Ball and Ms. Erwin shared a presentation outlining the programs, noting that the grant funds would provide technical assistance to education and industry partners in the NACOG region and refine a career-connected pathway in Information Technologies and Cybersecurity. The total project cost is \$315,000 and expects funding in the amount of \$200,000 from other sources. Matching funds are \$15,000 and the total request to EDA will be \$100,000. No jobs are identified as relevant to this technical assistance grant.

At the conclusion, Mr. Ball called for questions and comments. Much discussion and positive comments followed regarding the program scope and its relevance to the NACOG region. Questions followed regarding the source of the funds being requested. Ms. Drew noted that the funds would be applied for through EDA, and that NACOG does not provide direct funding for projects but brings funding request to the EDC for the purpose of presenting EDC approval for projects and to generate a letter of support from the District. With that explanation, Chairman Bowen called for a **motion and second to approve CFA's technical assistance project; so moved by Eric Marcus, seconded by John Heiney. The motion carried unanimously.**

Due to time constraints, Chairman Bowen passed the remaining Agenda items, suggesting they be brought back at a future meeting.

XI. Public Comments

Chairman Bowen called for comments from the public; there were no public comments.

XII. Adjournment

Chairman Bowen adjourned the meeting at 1:18 PM.

*NACOG EDC Meeting Minutes – August 5, 2021
Approved: October 7, 2021*