



## COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

### APPROVED SUMMARIZED MINUTES

Thursday, December 10, 2015

4:00 p.m.

Kiva Conference Room

3939 N. Drinkwater Blvd, Scottsdale, AZ 85251

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- PRESENT:** Mayor W.J. "Jim" Lane  
Councilmember Linda Milhaven  
Vice Mayor David Smith
- STAFF:** Danielle Casey - Director, Economic Development  
Karen Churchard - Director, Tourism and Events  
Rob Millar - Economic Development Manager, Business Development  
Christian Green - Economic Development Manager, Strategic Marketing  
Robert Tunis - Economic Development Manager, Business Retention  
Mark Paratore - Economic Development Specialist
- GUESTS:** Julie Brassell – Executive Director, Business United for  
Scottsdale Schools  
Jonathan Cottrell – CEO, Hopscratch  
Kevin Sullivan – Senior Vice President, Arizona Commerce Authority

#### **Call to Order/Roll Call**

Mayor Lane called the regular meeting of the Council Subcommittee on Economic Development to order at 4:07 p.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum.

#### **1. Approval of September 10, 2015 Minutes**

**COUNCILMEMBER MILHAVEN MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 10, 2015 MEETING AS PRESENTED. VICE MAYOR SMITH SECONDED. THE MOTION CARRIED BY A VOTE OF THREE (3) TO ZERO (0).**

#### **2. Scottsdale Chamber Partnership Update**

Julie Brassell, Executive Director of Business United for Scottsdale Schools (BUSS), presented an overview of their initiatives and recent activities. BUSS believes that the strength of Scottsdale schools can be enhanced when businesses provide their time, talent, and treasure to make them better. The goal is to improve career pathways for students. BUSS has board of director representation from City of Scottsdale Economic Development, the Charros, private businesses, the President of Scottsdale Community College, and the Superintendent of Scottsdale Unified School District. Danielle Casey noted that other interested schools and universities are interested in engaging with BUSS, and the objective is to be as inclusive as possible.

Ms. Brassell stated that BUSS embraces pre-kindergarten through higher education, and aims to create strategies that attract, develop, and retain the best students, teachers and workforce. This effort will enhance economic development in Scottsdale as companies are attracted to and

retained by a highly qualified local workforce. Scottsdale will benefit from bolstered economic prosperity, high paying new jobs, and improved civic engagement and pride.

Ms. Brassell said Arizona has a bad reputation in terms of education, and has lost companies because of it. Arizona has one of the lowest graduation rates in the country and sends a relatively low percentage of young children to preschool. Scottsdale has good schools, however. The high school graduation rate is 90% locally, and 92% of graduates go on to college. Class sizes are very low. Thirty-seven percent of college bound students are first generation. BUSS plans to meet with local human resource managers to find out what skill sets they are looking for. Georgetown University predicts that by 2026, 68% of all jobs in Arizona will require some post-secondary education, yet only 37% of Arizona adults have an associate degree or higher.

Ms. Brassell said BUSS offers programs that help young people understand the pathways they can take to reach real world careers. Programs are available in biotechnology, finance, coding, robotics, hospitality, tourism and international business. BUSS is adopting a program that helped turn around graduation rates at Camelback High School. It uses a dinner format to connect interested students with local business leaders.

Mayor Lane noted that some desired skill sets do not necessarily require postsecondary degrees, but can still result in high paying jobs. The most positive aspect of BUSS is that it is a collaborative effort to help students integrate into society as good productive citizens. Vice Mayor Smith said many people in northern Scottsdale send their children to Paradise Valley or Cave Creek schools, and he felt those districts should be represented on the BUSS Board as well. Local businesses that offer internships are an effective way of motivating and impressing high school students.

### **3. Entrepreneurial Ecosystem System Update**

Jonathan Cottrell, CEO of Hopscratch, said Scottsdale is a great hub for startups. Phoenix Startup Week runs February 22 to 26, 2016. This will be the second year of the event. The first year drew about 2,500 people, and about 6,000 are expected this year. Scottsdale will be home to two of the five days, sharing time with Phoenix, Tempe and Chandler. February 24th will be held at GoDaddy.com, while the event on the 25th will be at the Scottsdale Center for Performing Arts.

Entrepreneurs who have achieved success with their own startups are now investing in the next generation of startups. It has been nice to have companies relocate to Scottsdale, but the goal is to produce homegrown successes as well. Many startups have become successful in the past few years, but there are opportunities for more, especially when it comes to diversifying the economy to prevent downturns in one area from having an outsized impact on the local economy.

Mr. Cottrell said Phoenix recently had the largest Code Day for youth in the nation, including the largest number of minority and female participants. Compared to other states, Arizona lacks capital for early stage startups. A unifying banner, #yesphx, which Mr. Cottrell explained is spoken as "yes p-h-x" as opposed to "yes phoenix" has been created to connect Arizona's diverse startup community and coordinate efforts regionally to maximize their impact. The vision is for greater Phoenix to become known as the world's most generous community for entrepreneurs.

Mayor Lane inquired whether the region has a particular vacancy in terms of support for startups. Mr. Cottrell responded that the region lacks institutional funding for early stage

startups. Efforts are underway to start filling that gap, but this is one area that other communities are ahead on. Crowd funding is one potential avenue for early stage entrepreneurs, but it offers no particular advantage for Arizona over any other locale. Local investors are used to working in more traditional asset classes and the methodologies they use to vet startups are more antiquated. They are also more risk-averse than in many other communities.

Mayor Lane inquired about efforts to match potential startups with interested investors. Mr. Cottrell responded that the more exposure that potential startups can get, the greater the chance they will be able to connect to the right funding sources.

Mayor Lane said the effort sounds very positive and is in line with what Scottsdale Economic Development is trying to do. Many of Scottsdale's startups are technology based, but there are startups in a variety of other fields as well. He inquired whether these other areas are being included. Mr. Cottrell explained that Phoenix Startup Week celebrates all types of entrepreneurship, including sole proprietorships. The emphasis of #yesphx is mostly on startups with high job growth potential within the ecosystem. Vice Mayor Smith indicated his interest in the effort and asked staff to ensure that Council members received information on dates and times for Phoenix Startup Week so they can be engaged. Mr. Cottrell closed by inviting the members of the Subcommittee as well as the rest of Council to attend the event.

#### **4. Arizona Commerce Authority (ACA) Update**

Kevin Sullivan, Senior Vice President of Business Attraction presented an update on ACA activities in the last fiscal year, as well as current programs and trends. He said his focus is primarily on the pipeline of potential projects, because that will determine future success. FY2015 results were good. The job target was 15,000 and 18,000 jobs were created with an average wage of about \$52,000. There were about 20 new locates last year. The goal for the first half of FY2016 is about 8,400 jobs.

Mr. Sullivan stated that ACA has about 250 projects in the pipeline, representing about \$12 billion worth of capital expenditure opportunity, and 50,000 jobs with an average salary of about \$50,000. Targeted segments include manufacturing, consumer products, IT, renewable energy, aerospace, defense, and business support services. Vice Mayor Smith requested a breakdown in the number of jobs that are created locally by sector.

#### **5. City of Scottsdale Tourism Update**

Karen Churchard introduced herself as the new Director of Tourism and Events for the City of Scottsdale. Over 300 people have made comments and recommendations over a series of different meetings regarding the Special Events Ordinance. That information is being compiled and will be brought to City Council in the near future. One more public outreach meeting is scheduled for January 12. This meeting will be used to show the first draft of the new Ordinance. The Downtown Scottsdale Tourism Feasibility Study is in the final stages of review. Mary Murphy-Bessler has been meeting with downtown area merchants and property owners. Ms. Casey said Ms. Churchard is bringing an impressive skill set and energy to the team, which will be important considering how closely tourism is tied to economic development in Scottsdale. Each Subcommittee member took a moment to welcome Ms. Churchard to the organization.

**6. Economic Development Department Report**

Danielle Casey, Economic Development Director, highlighted that Small Business Saturday received much visibility. Staff is collaborating with the Chamber of Commerce to make promotion of downtown small businesses a year-round effort. The Cure Corridor event was an amazing success. Channel 11 already has videos online for anyone who was unable to attend.

Economic Development is working with the Scottsdale Public Library on advancing Eureka Loft. Classes in rapid startups for very small businesses have been offered on Saturdays as part of a course series. Attendees are now being surveyed so that their impact on the local economy can be quantified to some extent, and remain continuously engaged to help ensure their success.

The Arizona Commerce Authority has an Entrepreneurship and Leadership Development Training Program that Economic Development is helping to promote. The Bell Road Corridor Market Feasibility Report, which is important for the northern Scottsdale area, is now online. Staff continues to work on new talent attraction initiatives in partnership with the Greater Phoenix Economic Council.

**7. Open Call to the Public (A.R.S. §38-431.02)**

There were no public comments.

**8. Future Agenda Items**

None.

**Adjournment**

With no further business before the Subcommittee, the meeting adjourned at 5:30 p.m.

Respectfully submitted,  
A/V Tronics, Inc. DBA AVTranz.