



City of Scottsdale
Council Subcommittee on Economic Development
Regular Meeting

APPROVED SUMMARIZED MINUTES

Monday, March 6, 2023

4:00 p.m.

Kiva Conference Room – City Hall
3939 N. Drinkwater Blvd., Scottsdale, AZ 85251

Subcommittee Members:

Councilwoman Solange Whitehead
Councilwoman Betty Janik
Councilman Tom Durham

Staff: Rob Millar, Economic Development Director
Scott Cooper, Business Attraction Program Manager

Guests: Thomas Maynard, Senior Vice President, Business Development –
Greater Phoenix Economic Council

Call to Order

Councilwoman Betty Janik called the Council Subcommittee on Economic Development to order at 4:05 p.m.

Roll Call

Present: Councilwoman Solange Whitehead
Councilwoman Betty Janik
Councilman Tom Durham

One or more members of the public body may be attending the meeting by telephone, video, or internet conferencing, pursuant to A.R.S. §38-431(4).

1. **Approval of December 14, 2022 Summarized Minutes of Regular Meeting**

**Motion to approve as presented: Councilwoman Betty Janik, Seconded:
Councilwoman Solange Whitehead.
Motion carried 2/0 with Councilman Tom Durham abstaining.**

2. Election of Chair

Discussion and vote to elect Chair.

Staff Contact: Rob Millar, Economic Development Director –
480-312-2533

Action: Discussion and Vote

Councilman Tom Durham nominated Betty Janik. Second: Councilwoman Solange Whitehead. Motion carried.

3. Greater Phoenix Economic Council

Thomas Maynard, Senior Vice President Business Development, Greater Phoenix Economic Council (GPEC) and potentially other GPEC staff, will present an update on business development activity focusing on the Phoenix metropolitan area.

Presenter: Thomas Maynard, Senior Vice President Business Development, Greater Phoenix Economic Council

Staff Contact: Rob Millar, Economic Development Director – 480-312-2533

Action: Presentation and Discussion

Mr. Maynard presented an overview of GPEC's mission and values.

Mr. Maynard reviewed the Phoenix area employment numbers beginning in December of 2010 through December 2022. The Phoenix metro area job growth numbers have now surpassed pre-pandemic levels. Professional and business services, along with health care jobs are still strong. However, construction and manufacturing have grown and shows the diversification of jobs, which speaks to the overall health of our economy. Arizona projected non-farm employment growth is projected to be 1.08% increase from 2022 to 2023. GPEC works with approximately 40 companies within the semiconductor ecosystem supply chain. Councilwoman Janik asked about the expected salaries for these incoming jobs. Mr. Maynard responded that in the semiconductor industry these are well paying jobs, probably in the \$50,000 - \$60,000 range. Highly skilled positions will be in the six figure range.

GPEC has a very active pipeline of interested prospects and are at 98% of their annual goal. Mr. Maynard stated the 21% of projects are from an international origin. Many are high capital projects. Councilwoman Whitehead asked if there were multiple countries or if there was just one dominate source. Mr. Maynard responded that Canada has always been the number one market for investment in the region. However, GPEC is seeing interest from multiple parts of the world with an increase in interest from Asian countries due to the TSMC plant under construction in Phoenix. Domestically, California is the number one market

interested in Arizona. Pre-Covid GPEC received approximately 1-2 calls a month from Silicon Valley companies interested in locating offices (usually in Scottsdale). That level of interest has not come back because many employees are working from home or working remotely. The long-term belief is that companies are going to start requiring more staff to come back to the office and this will probably cause interest in office space in Phoenix metro to increase.

Mr. Maynard reviewed a list of companies that GPEC worked with city staff to locate within Scottsdale.

There has been a significant increase of industrial locates in the last two fiscal years. 65% of locates in FY 2022 were industrial, with the trend continuing for FY 2023.

Councilman Durham asked for a definition of GPEC's classification of a prospect. Mr. Maynard responded that a prospect is when a company has indicated that they are interested in the Phoenix metro region and most of the time there are other regions in play. Therefore GPEC is still competing for those projects. A prospect is when interest is more elevated than just a chance meeting and general conversation about the region, which in that case would just be a lead. Councilwoman Janik asked at what point does GPEC bring in city staff. Mr. Maynard stated that if the prospect asks about Scottsdale specifically, then GPEC will bring in city staff. If a prospect is asking about the region, then GPEC will upload the project into its e-track system and all cities in the region have the same opportunity to respond to the request. Rob Millar commented that there is also a point that after the city submits a response and the prospect is interested in Scottsdale and other cities, then GPEC is the front for these prospects and the city does not contact or work with them directly until Scottsdale is a finalist for that specific project.

Mr. Maynard stated that there are many times the individual cities will be the lead on a project and will come to GPEC for research and assistance.

Councilman Tom Durham asked how GPEC interacts with Maricopa Association of Governments (MAG). Mr. Maynard responded that GPEC works very closely with MAG and participates in their economic development meetings. GPEC leans on MAG for information such as transportation knowledge due to MAG's unique understanding of different issues. MAG does not pitch business attraction projects but focuses on issues such as transportation and employer/employee data.

Councilwoman Janik asked how GPEC promotes themselves as the organization to contact. Mr. Maynard stated that things like traveling to Silicon Valley for market visits last week and meeting with individual companies and site selectors is one of the ways they promote themselves and the region. GPEC also gets referrals from regional partners such as the Greater Phoenix Chamber of Commerce.

Councilwoman Janik commented that during the last subcommittee meeting, the city's economic development department provided department performance measures. How does the city's performance measures fit with GPEC's? Mr. Maynard said he would be happy to share GPEC's metrics and that those metrics are similar to the city's. Councilwoman Janik asked if Scottsdale was doing a good job at capturing a representative percentage of GPEC's total. Mr. Maynard responded that yes, Scottsdale has always been the office component of that total. Most of the industrial that GPEC works on would not be a good fit for Scottsdale. However, Scottsdale is still winning a fair share of the appropriate projects because there is real estate that is flexible and also marque space. Not many locations in the region can do that. Mr. Maynard said that when staff comes back to the office, those communities with class A office space will win. Scottsdale has that office space.

Councilman Durham asked about SkySong's vacancy. Rob Millar responded that SkySong was over 80% leased and there is one more building left to build. Mr. Maynard stated that there are other options in Scottsdale such as Entrada. Councilman Durham asked what kind of organization is GPEC. Mr. Maynard stated it is a non-profit with a board of directors made up of public leaders and private sector leaders (mayors and CEOs). Rob Millar added that the mayor appoints two members to the GPEC board every year.

Mr. Millar commented that the economic development team is a small team and staff cannot do what it does without its partnerships. GPEC is. GPEC's contract is annual and goes to council for approval every year and the city's contract rate is based on per capita. GPEC focuses on international, where the city staff does not have that capacity. Having a regional organization like GPEC is a tremendous tool for those companies wanting to enter the Phoenix metro market.

4. Business Attraction Program

Scott Cooper, Business Attraction Program Manager and potentially other city staff, will provide an update on current business development programs and activities.

Presenter: Scott Cooper, Business Attraction Program Manager – 480-312-7601

Staff Contact: Scott Cooper, Business Attraction Program Manager – 480-312-7601

Action: Presentation and Discussion

Mr. Cooper provided an overview of the department's business attraction program. The program targets six industries including corporate headquarters, IT services and software, financial and insurance services and technology, healthcare services, logistics management and tourism. The department works with regional partners and travels to targeted markets. Councilwoman Janik asked how the department handles external marketing. Mr. Cooper responded that he works and

travels with GPEC, attends targeted industry shows and speaks to site selectors throughout the country.

Mr. Cooper reviewed the commercial leasing trends by geographic area and vacancy rates by industrial, office and retail. Councilman Durham asked what projects had class A office space. Mr. Cooper responded that SkySong, Entrada, Axis Raintree and Cavasson are some of the larger properties that have this type of space. Rob Millar stated that the city has about 5 million square feet of A, B and C class office space vacant right now. When you compare that to 32 million square feet total office space in the city. This isn't optimal, but industrial space is a driver right now and the general feeling is office space will come back when employees start returning to the office.

New business licenses show the pandemic growth of new business in FY 21/22, with the current trend showing the numbers coming down to a more normal rate. The city currently has over 15,000 businesses.

Mr. Cooper provided an overview of the corporate corridor in north Scottsdale commenting that there has been a lot of activity in this area including three land sales of about 260 acres.

Mr. Cooper reviewed the department's recent locates and current pipeline of projects.

The department held a site selector event in February 2023. Over the course of five days eight national site selectors met with local business leaders, reviewed current available properties and spoke with local developers. One of the site selectors is planning to bring back 30 of her team members to Scottsdale this spring.

Rob Millar showed the newly created marketing campaign video "All Day, Every Day."

5. Economic Development Update

Economic Development Director, Rob Millar and potentially other city staff will review future Subcommittee meeting dates, agenda items and upcoming departmental activities.

Presenter: Rob Millar, Economic Development Director – 480-312-2533

Staff Contact: Rob Millar, Economic Development Director – 480-312-2533

Action: Presentation and Discussion

Rob Millar reviewed the current year-to-date department performance measures. Most economic development organizations use the same measures. New jobs are

lower than last year, however the average wage is a lot higher than last year. Councilman Durham asked how retention is defined. Mr. Millar responded that if a company is considering relocating outside of Scottsdale, we sometimes compete for them. If we keep the companies in Scottsdale the department will claim it as a retention. Most of our new jobs come from companies that are already here and growing. That is why it is so important to keep these companies in Scottsdale. Councilwoman Janik asked about the Discount Tire property. Mr. Millar stated that it would take two to three years to build a new HQ in Phoenix. The current property is about 150,000 square feet and there might be one interested buyer. If not, the department will help market around the country. Councilwoman Janik asked about Axon and the rumor that it may move to Florida. Mr. Millar responded that Axon is planning to comeback to Scottsdale and ramp up the site again and the CEO is still committed to Scottsdale and loves the site. There is still a lot of work to do on permits and hopefully construction will start in the fall.

This subcommittee meets quarterly and the new fiscal year schedule will be released in June. Mr. Millar stated that he'd like to start focusing on development projects, partners and topical/timely issues during these meetings.

Mr. Millar reviewed some of the recent department activities and upcoming events.

The department will be going to Chicago in May and will meet with companies and during this time there will also be advertising at the airport and on freeway billboards.

Mr. Millar stated that there is a study being conducted by Longwoods for the tourism department and part of that study is the HALO Effect, which is how relevant tourism is on economic development. The goal is to have that data received in April and presented to the subcommittee in June.

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

Citizens may address the members of the Council Subcommittee on Economic Development during Public Comment. This "Public Comment" time is reserved for written citizen comments submitted electronically regarding non-agendized items. However, Arizona State law prohibits the Subcommittee on Economic Development from discussing or taking action on an item that is not on the agenda.

7. Future Agenda Items

None requested.

8. Adjournment

Meeting was adjourned at 5:24 p.m.