COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT
APPROVED SUMMARIZED MINUTES
Thursday, December 12, 2019
4:00 P.M.
Kiva Conference Room, City Hall
3939 N. Drinkwater Blvd., Scottsdale, AZ 85251

PRESENT: Councilwoman Suzanne Klapp, Chair
Vice Mayor Linda Milhaven
Councilwoman Solange Whitehead

STAFF: Rob Millar, Economic Development Director
Brent Stockwell, Assistant City Manager
Rachel Smetana, Chief of Staff, Mayor and Council
Cristal Rodriguez, Economic Development Manager
Josh Utterback, Economic Development Specialist

GUESTS: Di Bowman, Director of Center for Smart Cities and Regions, ASU
Mark Edelman, Director, Planning & Engineering (ASLD)
Jim Perry, Deputy Commissioner (ASLD)
Doug Bruhnke, Founder and CEO, Global Chamber

Call to Order/Roll Call

Chair Klapp called the regular meeting of the Council Subcommittee on Economic Development to order at 4:02 p.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum.

1.   Approval of September 12, 2019 Minutes

CHAIR KLAPP MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 19, 2019 MEETING AS PRESENTED. COUNCILWOMAN WHITEHEAD SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR KLAPP, COUNCILWOMAN MILHAVEN AND COUNCILWOMAN WHITEHEAD VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

2.   Arizona State University (ASU) Smart Cities Initiative

Di Bowman, Director of Center for Smart Cities and Regions, ASU discussed the origins of the Initiative. Approximately 18 months ago, ASU was very disorganized, having a number of faculty and students working on Smart City technologies without interconnected organization. With an NSF grant, they created the Center for Smart Cities and Regions. It soon became evident that ASU being a focus internally and externally had traction. Many technology partners were approaching them to partner in testing technologies not necessarily ready for market, but that would be ready for market in the short to medium term. It became evident that ASU could play a role in collaborating across the region in terms of providing credibility to the types of technologies being pushed in the region. From this came the concept of a Smart Region as well as a public-private partnership to bring in the private sector. An MOU created the consortium in March of

2019 with formal launch in November, 2019. Founding partners include Dell, Cox, SRP and Sprint. They are about to sign Google Cloud, Amazon Web Services and Apple. The partners will work with ASU to identify key challenges of the region and how technology and know-how can be used to address these challenges.

The ultimate goal is to address the struggles of mayors, chief innovation officers, chief sustainability officers and regional citizens and how to address them. In terms of credibility and legitimacy, they will leverage different parts of the university to do real-time evaluations, validation and testing. Having some of the validation and testing (including failure) on campuses will remove some political risk for elected officials in the region. This helps to accelerate deployment of these technologies into the region.

Smart Region Initiative goals include:

- Enhance revenue
- Improve quality of life
- Drive equity
- Promote sustainability and resilience
- Support economic competitiveness

In order to ensure transparency and credibility around every decision made as part of the consortium, there is a leadership council, consisting of partner representatives. Each city or town will receive one vote. Prioritizing projects will be done through a democratic process. They key consensus is that the type of projects addressed will touch upon a number of cities and towns in the region. Spending many hundreds of hours working with governments requires the process to be transparent, credible and that everyone has a voice in decision making, especially considering the expenditure of a significant amount of collective money. Governance is the Partnership for Economic Innovation, under GPEC. Both private and public sector funding are contributed. Pooling the funding helps to remove potential conflicts of interest. The majority of funding flows to ASU for projects (not including faculty time). It is designed to seed funding grants that will be open to the university at large. MAG will handle the data governance. Collected data will be open source, with the idea that any researcher anywhere in the world can use the data to potentially address challenges in their own backyard.

The Institute of Digital Progress (AZiDP), a (501(c)(3), is one of the community partners that has been working on Smart Cities in the Valley for over four years. Chair Klapp asked who is involved in the Institute. Ms. Bowman said it was formed four years ago based in the City of Phoenix. The founding partner is Dominic Papa, who actually worked for Chairman Gates in the City of Phoenix. They identified that fact that when the City of Phoenix wanted to procure technologies quickly, there were barriers to do so.

In response to a question from Chair Klapp, Ms. Bowman stated that they are addressing not only City of Phoenix itself, but all of Maricopa County. The executive director has spent the last two to three years socializing the idea of a Smart Region, including meeting with elected officials and others within the city. Mr. Papa is now the vice president for the Smart State Initiative at the Arizona Commerce Authority. Other counties in Arizona are already looking to see whether the Initiative can be replicated across the State. Governor Ducey's office has been working with the partners in terms of the potential of a statewide component.

Ms. Bowman addressed the funding structure, noting that ASU is supporting itself through the University Technology Office with a commitment of $1 million per year to support research programs in terms of testing, pilots and use of campus. There are also significant contributions

from industry members. The minimum founding partner buy-in is $100,000. SRP has committed $250,000 per year for a minimum of three years. Partner companies see value in proving out technologies for the market. They have also seen smart cities fail across the world. The difference with this approach is that the idea has been socialized and there is a sense of the priorities of individuals as well as cities and towns. The university is central to the work to be done. The current funding budget is $1.2 million, not including the University Technology Office.

The idea is to get several significant wins on the board within the first six months of next year. Approximately 12 months ago, they worked with CISCO on a roadmap to identify the key challenges to the Smart Cities and Regions Initiative. They brought in 55 leaders from across the region for intensive one-hour interviews. From this, they gathered 1.6 million data points, which were then weighted and prioritized. One of the clear region wants was to have permanent structure and leadership that could take multiple projects to market, as opposed to one-offs. Current points of focus include research priorities and actual development of solutions.

Councilwoman Whitehead asked about programs being examined, what the identified problems are and what the impacts and timeline consist of. Ms. Bowman addressed road safety, noting that Phoenix has the highest pedestrian fatality rate in the country and rates are increasing nationwide. One goal is deployment of technological solutions to address this trend. Possibilities include smart intersections, apps, and early warning systems. Other initiatives have a focus on homelessness. One of the challenges is the lack of communication and data sharing between entities. A third issue relates specifically to transportation in terms of wrong-way freeway drivers. On the ASU campus, they are deploying a new generation of lighting poles that include LIDAR. This will provide real time video to address campus occurrences in real time. It also provides for a quick response from campus police. There will also be the possibility for collecting other data, such as air quality and ozone. She clarified that no program of work has yet been decided on.

3.   Arizona State Land Department (ASLD) Overview of State Land in Scottsdale

Rob Millar, Acting Economic Development Manager, stated that State Land is the City's largest property owner and has the most available land in the City. Mark Edelman, Director, Planning & Engineering (ASLD), stated that State land is land granted to Arizona by the Federal Government in trust in preparation for statehood. Arizona is one of three states granted four sections per township. The total was 10.5 million acres at inception and today's inventory is approximately 9.2 million acres. Every acre has a designated beneficiary. Most land held in trust (83 percent) is for generating revenue for K-12 public schools. Other institutional beneficiaries include public universities, penal and charitable institutions. He clarified that this is not public land in the sense that the Scottsdale Preserve or U.S. Forest Service is public land.

Private land in Arizona is approximately 17 percent, with State Trust 13 percent. The remainder is in federal holdings or Tribal trusts. This total of 30 percent in private and state trusts are basically what Arizona has in terms of its economic development going forward. He identified State trust land locations in Scottsdale, including: north of Happy Valley Road, south of Deer Valley Road and the Loop 101 Corridor. With some exceptions, it is residential zoned property. He discussed a brief history of land sales and subsequent developments on the sold land.

Jim Perry, Deputy Commissioner (ASLD) addressed the disposition process:

- Application for sale or commercial lease
- Applicant's due diligence: ALTA survey, cultural resources survey, environmental survey
- Optional studies: Infrastructure, soils/Geotech
- Appraisal

- Applicant accepts appraisal
- ASLD Board of Appeal
- Public advertising
- Auction

Mr. Millar inquired as to the length of the process from application to auction. Mr. Perry said this depends on whether there are zoning considerations. The process generally takes from 9 to 18 months. The website includes auction notices and auction history from 2017 forward. Two are currently advertised, both outside of Scottsdale. The website also includes information on bidder/broker qualifications and registration information. Mr. Edelman added that the auction notice lays out the specific terms of the auction, including responsibility to dedicate rights-of-way or construction of drainage channels or other infrastructure. The online parcel viewer helps visitors understand where land is located and what its uses are.

Councilwoman Milhaven inquired as to potential upcoming sales in Scottsdale. Mr. Perry stated that there is a 61-acre parcel in Crossroads that they have just received an application on. There is a Commissioner's initiative to bring out the Arrowhead piece, which is approximately 71 acres. Councilwoman Milhaven asked about potential rezoning. Mr. Perry said they do not believe there will be rezoning and that the parcel will be designated via the planned area development.

4. **Global Chamber Update**

Doug Bruhnke, Founder and CEO, Global Chamber, said that the Global Chamber has been headquartered at SkySong for the past five years. The idea was to garner more international business. The Global Chapter began with two chapters in Arizona, including Phoenix and Tucson and has since grown to 525 chapters. This includes cities such as Tokyo, Jakarta and New York. Local businesses are encouraged to join their local Chamber. However, connecting with Global Chambers will be helpful for businesses who wish to expand internationally. Approximately 85 percent of business occurring in the next five years will take place outside the United States.

Top international business markets include:
- Fintech
- Driverless vehicles
- Productivity
- Product sharing
- Cannabis
- Water
- Food
- Energy
- Climate
- Infrastructure
- Data
- Healthcare

Sojitz, a Japanese trading company with an office in Mesa, serves as the communication bridge between Boeing and the Japanese Army. Sojitz just purchased its first company in Scottsdale, which owns patents on passenger trays on planes as well as a number of other patents. The Scottsdale location will make the molding trays.

Mr. Bruhnke discussed that Global Chamber hosts international business members from all of over the world for in-depth discussions in partnership with Global Ties. Cities with the ability to engage in business outside the country (including tourism) should be advised to do so. Scottsdale is particularly poised to capitalize, as the City receives so many international visitors, many of whom are international executives. A key component is having more direct international flights. The Global Chamber also holds the International State of the Metro on an annual basis. Scottsdale is scheduled to do the State of the Metro this year. Council Members are invited to attend. They also hold a global E-Fair in October, primarily for exporters.

5. **Economic Development Update**

In light of time constraints, there was consensus that Mr. Millar would provide his report in written format, rather than verbal.

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

There were no public comments.

7. **Future Agenda Items**

There were no items discussed.

8. **Adjournment**

COUNCILWOMAN WHITEHEAD MOVE TO ADJOURN. CHAIR KLAPP SECONDED. THE MOTION CARRIED BY A VOTE OF TWO (2) TO ZERO (0). CHAIR KLAPP AND COUNCILWOMAN WHITEHEAD VOTED IN THE AFFIRMATIVE WITH NO DISSENTING VOTES. COUNCILWOMAN MILHAVEN WAS NO LONGER PRESENT.

Being duly moved and seconded, with no further business to discuss, the meeting adjourned at 5:09 p.m.

Respectfully submitted,
Recorded and Transcribed by eScribers, LLC