Approved April 10, 2025

City of Scottsdale
Council Subcommittee on Economic Development
Regular Meeting
APPROVED SUMMARIZED MINUTES

Thursday, December 14, 2023
4:00 p.m.
Kiva Conference Room – City Hall
3939 N. Drinkwater Blvd., Scottsdale, AZ 85251

Subcommittee Members:

Councilwoman Betty Janik, Chair
Councilwoman Solange Whitehead
Councilman Tom Durham

Staff: Scott Cooper, Interim Economic Development Director
Josh Utterback, Business Retention Program Manager

Guests: Marc Valenzuela, Senior Economic Development Project Manager-Salt River Project

Call to Order

Councilwoman Betty Janik called the Council Subcommittee on Economic Development to order at 4:03 p.m.

Present: Councilwoman Betty Janik
Councilman Tom Durham

Absent: Councilwoman Solage Whitehead

1. **Approval of June 22, 2023 Summarized Minutes of Regular Meeting**

Motion to approve as presented: Councilwoman Betty Janik,
Second: Councilman Tom Durham

2. **Salt River Project Economic Development (SRP)**
Marc Valenzuela, Senior Economic Development Project Manager, SRP and potentially other SRP staff, will present an overview of SRP's economic development activity focusing on the Phoenix metropolitan area.

Presenter: Marc Valenzuela, Sr. Economic Development Project Manager, SRP

Staff Contact: Scott Cooper, Interim Economic Development Director – 480-312-7601

***Action:* Presentation and Discussion**

Mr. Valenzuela presented an overview of SRP's regional economic development department's activities, purpose and vision. They are an Accredited Economic Development Organization through the International Economic Development Council (IEDC).

SRP provides 800,000 acre feet of water annually. SRP started as the federal reclamation project building Roosevelt Dam, building a hydro facility at the dam. SRP's involvement in economic development officially started in 1961.

SRP utility's role in economic development is lead generation and attraction and promoting the region as a whole. SRP works with partners to understand a communities power capabilities. Occasionally they will work on BRE projects. More companies are asking about power and water capabilities.

SRP works with the Arizona Commerce Authority, AAED, GPEC, East Valley Partnership and its municipal partners. Maricopa County is the fastest growing county in the country and SRP is trying to make sure that they can support this growth by meeting with municipalities on a regular basis.

SRP's target industries are reflective of the state, region and cities target areas. However, SRP will support whatever a community is pursuing.

Mr. Valenzuela reviewed SRP's economic development process flow with the subcommittee. Companies are reaching out more to utilities first to see if a site can handle a project. SRP can help manage community and customer expectations on projects.

SRP offers mock prospect visits, site visit assistance, sustainable cities program, strategic planning assistance, economic development scholarship program and IEDC online courses.

Mr. Valenzuela reviewed last year's results: successfully brought 23 projects, created 7,500 jobs with a capital investment of $7.1b.

Councilwoman Janik asked about energy availability, can they provide those energy needs? Do they look at other sources? Mr. Valenzuela stated that SRP continually looks for other resources. SRP is one of the first utilities to adopt an integrated systems plan where they look at a system more holistically and are currently considering adding 7,000 megawatts of renewable resources, 6,000 of that is new large scale solar to bring online in 2035. So far SRP has been meeting

customer demand to date. There have been supply chain issues since the pandemic, with transformer acquisition being a problem. This is an issue utilities across the nation have had. Councilwoman Janik commented on California and the energy problems they have had with delivery. She asked if Arizona has come close to that and if we have helped California with their issues. Mr. Valenzuela stated that he is probably not the best person to answer this, however SRP's involvement revolves around 3 main tenants: affordability, reliability and sustainability. As new resources are brought into the system SRP is working to ensure adequate and fair pricing and reliability. Occasionally SRP does buy power and sells power when available.

Councilman Tom Durham asked about SRP's main sources of power. Mr. Valenzuela responded that right now nuclear and natural gas are the main sources, with coal being phased out. Councilman Durham asked about the controversial natural gas plant in the east valley. Mr. Valenzuela stated that there is an existing plant in the east valley and that SRP has come to an agreement with the community on the expansion of that plant.

Councilman Durham commented that there has been a lot of talk about energy, but what about water. Mr. Valenzuela stated that SRP is getting a lot of questions about water, but SRP primarily delivers well water to municipalities so that water usage is a municipal issue and SRP refers those questions to the community. The current water system is at about 80-85% capacity. Councilman Durham commented that Scottsdale does get water from multiple sources.

Councilwoman Janik asked about the 2023 results and what SRP was anticipating for 2024. Mr. Valenzuela answered that at this time, capital investment will exceed for the year – there are a lot of projects that are large power users. Right now, there are no available estimates for 2024.

Councilman Durham asked where SRP gets their leads. Mr. Valenzuela stated that SRP does get leads from partners but have been getting more leads independently with more site selectors are reaching out directly to the utility. SRP does go to tradeshows and shares those leads with GPEC so they can be distributed to the region.

3. **Business Retention Program**

Josh Utterback, Business Retention Program Manager and potentially other city staff will provide an overview of the business retention and expansion program strategy for fiscal year 23/24 along with a recap of highlights from fiscal year 22/23.

Presenter: Josh Utterback, Business Retention Program Manager

Staff Contact: Josh Utterback, Business Retention Program Manager – 480-312-7057

***Action*: Presentation and Discussion**

Josh Utterback provided an overview of the business retention program including events from last year and the current fiscal year's goals.

70-80% of all jobs come from existing businesses within the community, visiting with Scottsdale businesses provide information on trends within the community and provide early indications when companies might be failing or leaving the community. There is a set of questions that staff asks the businesses, with the idea of the visits being very conversational. Most visits take one hour or less, with some taking place via video conferencing.

In fiscal year 2022/23 the department tracked 105 business retention visits, 85% of those had less than 100 employees, 38% had 10 or less employees. Some of the takeaways from those visits: 55% are planning to increase employees, with one planning on decreasing employees, with the remainder planning on keeping the same number of employees. Many stated that they were having problems with recruiting employees.

29% of the visits were with minority businesses, 12% owned their facilities.

For fiscal year 2023/24, the goal for business retention visits is 108, with the majority being done by Josh. One of the goals from the economic development strategic plan is diversity, equality and inclusion (DEI), that is why the business retention visit goal of 108 includes a 20% goal of minority owned businesses.

Visiting the top 30 employers is still an annual goal and the department does conduct a visit, phone call or even email communication every year with each of these companies.

Companies that have recently located to Scottsdale are contacted within the first year so that the company has some kind of connection with the community and our resources.

For this fiscal year the department has had 29 business retention meetings, which is ahead of schedule.

Josh reviewed the Choose Scottsdale HUUB program that started in January 2022 and concluded at the end of November 2023. This was free to all Scottsdale businesses. This program provided 1:1 mentoring, connections with other businesses and an online on demand training platform. There were 342 business that participated, 70 of those took advantage of the 1:1 technical assistance. 49% of the participants were female, 41% male with 10% not answering. 56% were Caucasian and 5% did not answer. 13% were military affiliated. 78% had 10 employees or less. Feedback was very positive. The Scottsdale community had the highest usage of the HUUB program within greater Phoenix.

Councilman Tom Durham asked if we focus on sustainability and stated that council is trying to roll out a sustainability plan. Mr. Utterback stated that Local

First does focus on a business sustainability program and they had presented to the subcommittee within the last year. The staff has referred businesses to Local First, however the department does not have a program for that. Scott Cooper, Interim Economic Development Director stated that a sustainability question might be good to add to the business retention visit questionnaire.

Councilman Durham asked what the main issues were being brought up during these visits. Josh stated that recruiting and financing were the biggest issues. The staff does provide some resources to help with these issues. Mr. Cooper commented that the connections the department has with the local education institutions has been helpful. ASU has become one of the biggest engineering schools in the country.

Josh commented that many of the businesses are asking how they can become involved with the community. The department provides resource information on organizations such as Scottsdale Area Chamber of Commerce, Scottsdale Leadership and connects them with the city's volunteer programs.

Councilwoman Janik asked about recruitment opportunities like ASU's job fairs. Josh stated that economic development has connections with ASU, Scottsdale Community College and Grand Canyon College's career services and staff makes sure to introduce employers to these career services.

Councilwoman Janik asked about how many businesses are working hybrid. Josh commented that the new norm is a hybrid – 3 days a week in the office and 2 days a week remote. This does influence recruiting. This also directly effects how much square footage an office might need.

Councilwoman Janik asked about how the department finds out when businesses leave. Josh answered that sometimes we don't know, other times we had talks with them and provided options but that did not fit their needs. Sometimes there are opportunities for sites provided but they choose not to stay. Through the city's relationship with GPEC, local municipalities are suppose to provide a heads up if someone is moving to another community in the region. Sometimes it is a financial decision.

4. **Economic Development Update**

Interim Economic Development Director, Scott Cooper and potentially other city staff will review current trends, a look back at FY22/23 and upcoming departmental activities.

Presenter: Scott Cooper, Interim Economic Development Director

Staff Contact: Scott Cooper, Interim Economic Development Director – 480-312-7601

Action: **Presentation and Discussion**

Interim Economic Development Director, Scott Cooper provided an overview of last fiscal year's leasing trends and office vacancies. Scottsdale is still doing well, but vacancies are edging up which follows the national trend. This is cyclical, but no one knows how long this cycle will be. The McDowell office vacancy is trending back and approaching normal levels. Valley wide trends of industrial projects out pace office projects.

CBRE study on office strategies states that 95% of companies have policies in place for work at home. 81% have hybrid policies, 14% require 40 hours in office, 4% are fully remote.

In fiscal year 2022/23, the department had 12 businesses that were recruited or retained, just under 800 jobs created and the average salary was approximately $90,000.

In the current fiscal year, the first quarter has been slow but there is possibly one more company that will locate in Scottsdale, with the total being 2. The average salary is over $160,000, which was a large corporate upper management organization that located in the airpark.

Mr. Cooper reviewed some of the accolades the department received during the last fiscal year for the *All Day, Every Day* campaign. The video showcased the benefits of relocating to Scottsdale.

Recruitment for the new economic development director is still ongoing, with the goal of having someone in place in January 2024. The city interviewed 7, 4 were within the state, three were outside of the state. Human resources chose the recruiting company.

The department has volunteered several times over the last year, Mr. Utterback participated in the Scottsdale Vibes podcast and the Good News email marketing campaign was launched.

Upcoming activities include the Waste Management Phoenix Open where the department will be targeting site selectors. Staff will attend several site selector events and the Consumer Electronics Show focusing on entrepreneurs. Empower Her is a conference through the Millionaire Masterminds Academy, Wings and Wheels is produced by the Canada Arizona Business Council, Arizona Israeli Tech Alliance annual conference and the Venture Madness Expo and Conference which will be in Scottsdale this year.

Councilwoman Janik commented that the annual report was very nice, done very well. Councilman Durham stated that he didn't realize that Vanguard had that many employees.

5. 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.

6. Future Agenda Items

Councilwoman Janik ask for more statistics on the HUUB program, including how many participants are still in business, have they grown, are they still at the same level.

7. Adjournment

5:20 p.m.