



Legislation Details (With Text)

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Title:	AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH GREATER PHOENIX ECONOMIC COUNCIL Staff Contact: Brian Friedman, Director, Economic Development				

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Attachments: 1. FY 2017-18 Agreement with Exhibits

Date	Ver.	Action By	Action	Result
6/13/2017	1	City Council	approved	Pass

AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH GREATER PHOENIX ECONOMIC COUNCIL

Staff Contact: Brian Friedman, Director, Economic Development

Purpose and Recommended Action

This is a request for City Council to authorize the City Manager to enter into an agreement with the Greater Phoenix Economic Council (GPEC) for FY 2017-18 in the amount of \$104,527 for participation in, and support of, GPEC's regional economic development program to attract quality businesses for our community.

Background

The City of Glendale has had an agreement continuously with GPEC since 1989 reflecting the spirit of regional cooperation and enhancing the city's ability to draw upon the greater region for support of Glendale's economic development initiatives. GPEC promotes the region to a broad variety of national and international companies, and generates editorial reports and advertisements in markets the city could not otherwise secure. GPEC represents Maricopa County and 23 member cities to promote economic development and create jobs for the greater region. In addition, GPEC represents issues on behalf of its members at the Arizona State Legislature and supports multiple member committees with various objectives that serve to make the region more attractive to companies interested in expansion or relocation. Over the past decade, GPEC has expanded their scope of services to include emphasis on international markets, direct outreach to companies in competitor markets, and competitive policy analysis. GPEC also features individual pages on its website for every member community including Glendale, allowing the city to provide tailored information on its page. This page provides an introduction and first impression for many in the site selection community.

Through this agreement, GPEC will continue to market Glendale and generate qualified business and industry prospects within targeted economic industries including advanced business services, aerospace and defense,

emerging technologies, healthcare and biomedical, manufacturing and logistics, mission critical operations, and software among other industries. In many cases, the prospects elect to work directly with a regional economic council to consider all available options in the region; and due to the highly competitive nature of these industries, it allows the organizations to remain anonymous. On average, GPEC posts approximately 60 leads per year that are shared exclusively with all member cities for consideration.

Analysis

GPEC calculates the cost of the agreement on a per capita basis for each community. For FY 2016-17, the per capita rate was \$0.4397; the FY2016-17 annual contract cost was \$103,227 based on a population estimate of 234,766. GPEC has held the per capita rate steady at \$0.4397 for FY2017-18. Glendale's 2016 population estimate is 237,723, making the cost for the FY 2017-18 agreement \$104,527. The cost for continuing this agreement was included in the development of the FY 2017-18 operational budget.

To date this fiscal year GPEC generated a total of 51 leads, and Glendale met the criteria and responded to 32 of those by providing demographic information, letters of interest, or participating in site visits. Through the partnership between City of Glendale and GPEC, H&M Metal Processing selected Glendale as the location of its new facility this fiscal year. Additionally, a previous GPEC locate, Alaska USA Federal Credit Union has made a substantial investment in Glendale by purchasing the long vacant 185,000-square foot Talavi Tech building for \$17 million and a 5,100-square foot stand-alone bank branch for \$1.8 million. As part of this project Alaska USA Federal Credit Union will be creating hundreds of new jobs in Glendale. We currently have other GPEC prospects in progress and appreciate our long-standing partnership.

Since FY 2007-08, Glendale has successfully located eight major projects that began as GPEC prospects and continue to operate in Glendale, contributing an estimated 385,400 square feet of development, 945 jobs in addition to the several hundred anticipated from Alaska USA Federal Credit Union's expansion, and \$32.85 million capital investment as shown in the table below. In addition, based on economic impact studies conducted on each of these projects it is estimated that the GPEC locates generate on average \$1,431,993 in new annual revenue for the city's General Fund. These projects that Glendale and GPEC collaborated on provide an approximate 13.7:1 return on investment.

Year	Company	Sq. Ft.	Jobs	Capital Investment
2008	In-House Assist (Pathways)	13,000	60	\$ 1,000,000
2010	Linimar (SkyJax)	76,000	75	\$ 3,500,000
2011	Alaska Federal Credit Union	26,500	80	\$ 5,000,000
2013	Zytech	19,000	300	\$ 500,000
2013	Terminix	32,800	300	\$ 1,500,000
2016	Davis Research	8,000	80	\$ 750,000
2017	H&M Metal Processing	20,000	50	\$ 2,500,000
2017	Alaska Federal Credit Union	190,100	TBD*	\$18,100,000
		385,400	945+	\$32,850,000

**Numbers are in the process of being finalized*

GPEC and the Office of Economic Development are also in the process of developing a strategy, leveraging GPEC's extensive strategic planning abilities, to attract new office development to the city to address the increasing need for larger Class A office space citywide, especially along the Loop 101 area.

Previous Related Council Action

Council has consistently appropriated funds for membership in GPEC since 1989.

Community Benefit/Public Involvement

The historical return on investment that Glendale has received as a result of this agreement has created a positive direct impact on the city's General Fund revenue. In addition, participation as a GPEC member organization provides greater economic growth within the city by generating prospective leads for new businesses, and ultimately creates more employment opportunities for our citizens thereby enhancing the quality of life for Glendale residents.

Budget and Financial Impacts

Cost	Fund-Department-Account
\$104,527	1000-16025-529000, Memberships & Subscriptions

Capital Expense? No

Budgeted? Yes

Requesting Budget or Appropriation Transfer? No

If yes, where will the transfer be taken from?