

PRESCOTT CITY COUNCIL
WORKSHOP
TUESDAY, OCTOBER 13, 2009
PRESCOTT, ARIZONA

MINUTES OF THE WORKSHOP OF THE PRESCOTT CITY COUNCIL held on TUESDAY, OCTOBER 13, 2009 in the COUNCIL CHAMBERS located at CITY HALL 201 SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Wilson called the workshop to order at 2:00 p.m.

◆ **ROLL CALL:**

PRESENT:

ABSENT:

Mayor Wilson
Councilman Bell
Councilman Lamerson
Councilwoman Lopas
Councilman Luzius
Councilman Roecker
Councilwoman Suttles

None

1. Presentation by Kimber Lanning of Local First Arizona.

Ms. Lanning gave some background of herself, noting that she was raised in Arizona and has family dispersed throughout the State. She started her own business when she was 19, in 1987, which is a music store still located at Central and Camelback today. She also started an art gallery about 11 years ago that transformed a neighborhood. She bought her building in downtown Phoenix and at the time was unable to get pizza delivered to her address. Now when they stop on the light rail the sign says "Arts District."

She said that both sets of parents and grandparents were self-employed. She started on the path not realizing that it would be her passion in life. Today the organization has grown to over 1,800 members and is now beginning to reach into rural Arizona and expanding their initiatives in a statewide way. They have an office in Tucson, but Prescott is special and she was honored to be there today to speak about some of the ideas.

Ms. Lanning then gave a PowerPoint presentation, attached hereto as Exhibit A, which addressed the following items:

- ▶ CHICAGO?!
- ▶ THE IMPORTANCE OF LOCAL ECONOMIES – Local First ARIZONA
- ▶ WHAT IS SMALL BUSINESS?
- ▶ SMALL BUSINESS IS THE BACKBONE OF THE ARIZONA ECONOMY
- ▶ IN 2004, OVER \$21 BILLION WAS PAID TO EMPLOYEES OF SMALL, LOCALLY-OWNED BUSINESSES IN ARIZONA
- ▶ IF SMALL BUSINESS WAS LAYING OFF THE EMPLOYEES AT THE SAME RATE AS BIG BUSINESS, WE WOULD HAVE 950,000 FEWER JOBS IN AMERICA TODAY
- ▶ WHY WE NEED TO SUPPORT LOCALLY OWNED BUSINESSES
- ▶ METHODOLOGY
- ▶ CONSIDER LONG TERM IMPACTS

Mayor Wilson said that the City gets asked the question a lot of why they do not award locally, and it is because of the state laws. He asked how they could get around that. Ms. Lanning said that they are addressing that at a state level. The law on the books was a court case that happened in 1990. They are working with the Arizona Chamber of Commerce, the Phoenix Chamber of Commerce and the legal team at the City to address the ins and outs of it, and what it would take to change it.

She said that in the interim they came up with a solution for the City of Phoenix. They would have a full open bid for any contract worth more than \$5,000, so they raised that threshold to \$50,000 so for any project below that limit they will go to a database that is only populated with Arizona businesses, get three bids and go with the lowest.

She found this solution in San Diego and brought it home, and in San Diego they did an additional \$20 million worth of business in the State of California in 2 ½ years.

Councilman Luzius said that he found it interesting that Ms. Lanning mentioned Wist, and asked if that was not the same company that had a stationery store in Prescott under the name of Peterson, Brooksteiner and Wist. Ms. Lanning said that she knew of no connection, but Councilman Luzius said that he did believe they were the same.

- ▶ BROKEN SOCIAL CONTRACTS

- ▶ STATEWIDE INITIATIVES – 10% Shift
- ▶ STAY-CATIONS FOR ARIZONANS
- ▶ REGIONAL THINKING CREATES NEW DOLLARS FOR ALL

Ms. Lanning said that they are not champions of an anti-message; they are a pro-message. In Phoenix she had a meeting with Wal-Mart and the goal was to find a way that they would be okay with the 10% shift. They are heavy hitters with the Phoenix Chamber of Commerce and she is a very proactive person. They came up with a tremendous solution.

Wal-Mart buys from over 800 Arizona companies and they are working to identify those companies in the stores so their customers can participate in the 10% shift. She considers that a huge win for both sides.

- ▶ LAND USE AND ADAPTIVE REUSE

Councilwoman Suttles said that she found the presentation very interesting. She said that as times get hard people have a tendency to go to the big box stores because it is cheaper. She said that they have to create a want for the locals, such as True Value Hardware, where they have the hands-on customer service. The locals realize that, and they do buy from there but it is still a learning curve to get into that mode. She asked what the secret was.

Ms. Lanning said that she has several ideas but one she likes to discuss is to highlight two families—Family A rents a home for \$900 a month and Family B pays a mortgage of \$950. She said that they have turned into a community of telling Family B that they were dumb for wasting \$50 a month, but helping them understand that investing in their community is going to come back to the community at three times the rate.

Another example is actually comparing apples to apples. She said that the big boxes have convinced the public to stop shopping around. She has gone to several local pet food stores and found that their pet food was cheaper than the big box eight times out of twelve. She said that it is a matter of helping the community understand the economics.

Councilwoman Suttles said that if they can get the information out that buying locally keeps the money in the community, it would be a start. She said that she did agree that the mindset is there of the lost leaders, and they would find they were paying more. She said that she appreciated Ms. Lanning's presentation and hoped they could do something with the information.

Ms. Lanning presented another document that showed that when big boxes moved into areas, the toy sections were decimated about five years ago. She said that now the toy section is shrinking even at the big boxes, so there will be a point where the actual toy manufacturers start going bankrupt and they will not be able to find as many toys because the toy stores are gone.

Councilwoman Suttles said that she worked for Sears for 25 years and they got out of the toy area because they were not making any money with it.

Councilman Roecker said that she had mentioned that five northern cities were being looked at and asked what the four others were. Ms. Lanning said that they were not all northern, but statewide. She said that they were Pinetop/Show Low, Florence/Coolidge, Verde Valley and Safford/Winslow. She said that those five areas were distinguished after a meeting with Eddie Browning who heads up the Rural Arizona Economic Development Council and Lisa Henderson from the State Parks Department who heads up the Main Street Program.

Councilman Roecker said that she had mentioned the Phoenix Chamber of Commerce, but wondered how her organization interfaces with local chambers. Ms. Lanning said that they are offering to be a support mechanism to be a think tank. It is their intent to strengthen the chambers. She said that the Phoenix Chamber has a monthly magazine and they have agreed to give them a full four-page article about the 10% Shift, and they often bring her in as a speaker to get their business owners thinking about ways to collaborate. That is her hope here, but she has a lot of work to do.

Councilman Roecker said that Arizona is only one of three states that do not give weight to local businesses, and asked what they could do to change that. Ms. Lanning said that in 2006 they introduced a Senate Bill that would have weighted the Arizona business in the instance of a tie. They found out that such a situation only happens three to five times a year. They made it through the Senate 22-5, and had a senator from Anthem said that they wanted the best price for their constituents, and Ms. Lanning asked her at what cost. The Senator came around and voted for it.

She said that the Arizona Legislature is struggling and what happened was they found out that the Speaker of the House hated the Senator that quarterbacked the bill so he assigned the bill to three subcommittees, two of which had already met for the session.

Councilman Roecker asked if there was any way to mathematically show that doing what she was suggesting could actually lower deficits in states. Ms. Lanning said that www.civiceconomics.com has done several studies on that issue.

She said that they decided proactively to sit this session out, so they are focusing on next year's session. She said that as she works her way around the State they will be building an alliance and they are very optimistic. Mayor Wilson noted that the Prescott area had two members of the legislature that are local.

Councilman Lamerson said that he appreciated the comments and presentation. He said that he liked the comments about the variance required in cities. He said that all it takes is a little common sense and maybe what government could best do is get out of the way and let the free market take care of some of it.

Ms. Lanning said that they do have a lot of open discussion with free market supporters. She said that it was interesting to look at Wal-Mart as they are shifting their own purchasing to more local because they do not want to be so susceptible to the volatility of the oil market. She said that there are a lot of things that play.

Councilman Luzius complimented Ms. Lanning on her presentation. He said that he has always tried to buy locally and it is imperative that they try to when they can. He said that they should also buy those products made in American. He said that it hurts to see so much manufacturing going off shore. He then asked at what cost she was able to provide her services.

Ms. Lanning said that for her speaking to various Councils there is not charge. Her strategy is fundraising for economic development through foundations and larger corporations that are interested in the long-term health of Arizona. They have raised \$35,000 from the Arizona Community Foundation, Arizona Public Service, Hickman's Egg Ranch, all of whom understand. She said that she owns two businesses and that has allowed her to do this. It is a true passion, but what she does not want to do is build an organization about sustainability that is not sustainable.

She said that her focus right now has moved to fundraising. Her membership dues for local businesses start at \$35 a year, for those businesses with 1-3 employees. She said that the burden should not be on the small guys that she is trying to help. The largest memberships are sustaining members and they pay \$1,000 a year. She said that they currently have 1,800 members.

Councilman Luzius said that he would like to do whatever they need to do to support her efforts. She said that she would like to have that discussion with them further because there may be a brainstorming session about which corporations or foundations are based in the area that may be interested. The goal with the 10% shift is to find 7-10 partners to come in at \$7,000 to \$10,000 a piece. She understands that this is not the climate to go out and ask for the one silver bullet so if they can find those few corporations at \$7,000 to \$10,000 each she believed that was an achievable goal. She said that it was a \$90,000 budget for the statewide campaign.

Mr. Norwood said that he recalls a few years ago a marketing campaign called “I know the owner of Olsen’s Grain, but I don’t know the owner of PetSmart” and he believed that was pretty successful. He said that her message was not to stay out of Lowe’s and Home Depot and Wal-Mart because they do have citizens employed there; they were just asking for a 10% Shift and he believed it was a great message.

Ms. Lanning said that they were not asking to raise taxes or spend more money, but rather change 10% of their behavior and that is something they can all do.

Ms. Lanning said that in the Valley they have developed the “Small Wonders Map” and they are working on their fourth one in the Valley, and she would like to work with Prescott to develop their own. She said that it would offer the visitor a look at what the Prescott flavor is. It is a not a money-making effort on her part, but is about community building, and putting a face on the City for a visitor who has never been here before.

Councilwoman Lopas thanked Ms. Lanning for her presentation, and said that it is what she is constantly preaching to people. It is a change in thought and how they do business today. She said that as a realtor, she would suggest that they also talk with the real estate community as they are the ones helping people relocate to an area.

Mayor Wilson said that he appreciated Ms. Lanning coming up and he looked forward to going further. He said that their one constraint is the budget. Ms. Lanning said that she was not asking for money; she is trying to bring them money. She is trying to link arms so that they can find those foundations interested in long-term solutions. She said that she would appreciate hearing of any ideas anyone has.

2. Adjournment

There being no further business to be discussed, the Workshop of the Prescott City Council held on October 13, 2009, adjourned at 2:40 p.m.

JACK D. WILSON, Mayor

ATTEST:

ELIZABETH A. BURKE, City Clerk