

A Z 2 1 1 2

AZ should be Innovative and Compassionate

Innovative

Entrepreneurial, hip, cool, refreshing, enlightened, contemporary, clever, chic, inspired, prolific, current, modern, latest, popular, trendsetting, new, bright, snazzy, dazzling, new, bright, snazzy, dazzling, in, hot, in style, gifted, fertile, with it

Compassionate

Heroic, **hospitable**, **collaborative**, neighborly, gracious, inclusive, civil, elevated, diverse, no prejudice, welcoming, come to, loving, cordial, congenial, considerate, friendly, affable, inviting, heartfelt, receptive, amenable, amiable, nurturing, jovial, fun, altruistic



Centennial = AZ 1.0

Bicentennial = AZ 2.0

AZ is a mere teen... awkwardly growing!

- AZ is the baby of the lower 48 states. Most young at heart, most formative in lifecycle and most unwieldy at times. Wild West in a good way. Land of opportunity. Few places to still live the “American Dream”. Opportunity Oasis. No lasting DNA yet.
- It can be seen as exciting to mentor and guide a young state that can change so quickly! (unlike entrenched East Coast elitism)
- What do we have going for us? WE MUST HAVE AZ ASSET SURVEY COMPLETED ASAP. This presentation is a start. Opportunities?
- What do we want to be when we grow up? We were 5 “C’s”... now what?
- What are the threats to our future? (Uneducated future population, insecure southern border where violence spill over into Arizona?)
- What can State Government do to ensure that opportunities can happen and prevent threats from stopping AZ’s growth?
- AZ 1.0 was created with huge public and private partnerships... AZ became inhabitable (otherwise just a desert) with Gov \$\$\$ (SRP, Roosevelt, Hoover and Glenn Canyon Dams, CAP, #5 DOD state (thanks to military bases), MAG, ASU, U of A, NAU, Boeing, Intel)
- AZ 2.0 will be? What should be printed on all license plates? “Grand Canyon State” or (we need better ideas)...
 - “Hospitable and Entrepreneurial!” or “Welcome to Innovate”
 - “Be the best place to live a rewarding and productive life.” -- Center for Future of AZ
 - “AZ Knows How” or “We Know How” -- ACA 2013-2014 branding campaign

Government's Role--Leadership

Legislatures make the “highway” upon which capitalism moves!

- Is the “highway” a mess or sleek and friction-free? We need to make it more efficient for the private sector to conduct business in order to create new jobs and investment opportunities for AZ.
- Entrepreneurs make the businesses that travel on this “highway”... governments do not know how to create businesses, nor should they try.

New website to collaborate with citizenry... www.az2112.gov

Sadly, AZ is one of only a few States (or major organizations) with no collaborative strategic planning function (Texas One, Envision Utah, etc.).

- Tea Party fear of strategic plan leading to a growing government scope/scale. Opposite can be true... advance freedoms via planning to make government smaller, modern and efficient. Mesa's HEATT vision from Mayor Smith is great example of moving forward with Vision and Planning vs. nothing.
- Need “one version of the truth” so all oars are pulling in the same direction
- Who drives AZ 2112 Plan? Governor, Legislature, business community, AZ's federal DC delegation, philanthropy or combination of above?
- Lesson from Envision Utah since 1997—”Trust the public... it is essential... they will make the Vision and Plan better... include them at all costs or the Vision and Plan will be DOA.”
- Luxury of starting over with today's technology, knowledge, experience... AZ will benefit from other States' lessons (good and bad).

GROWTH

Preserve AZ majesty... vistas and open space while finding the balance with industrial opportunities for mining and other base industries to thrive and land for population growth

Water for 100 years:

- Reuse and Conserve
 - Zero scaping, use of gray water for landscaping
 - Farm to residential transition as population grows and farmers sell land for homes

Augment

- CAP trade with Mexico or CA for desalinization plant in Rocky Point or So CA
- CAP trade with CO for Missouri River to Denver pipeline
- Thereby 2-3X upgrade from MX/CA/CO allocation of Colorado River water to AZ population
 - CAP infrastructure upgrade to wheel augmented water supply

Settle Hopi and Navajo Water litigation

Population Growth--6 to 25MM with quality of life maintained:

- Planned growth corridors vs. uncontrolled sprawl
- Air quality and delicate nature of deserts

Healthy Forests—Return to Pre-1880's conditions (over-logging, forest fire suppression, draught, beetles, invasive species, lack of commercial small diameter pine demand, environmental lawsuits against mechanical treatments)

Arts, cultural, recreational, and other quality of life concerns

ENERGY

Master Energy Plan (Governor's office studying currently)

- Replacement Vision—We have 9GW NE AZ coal, 4GW Palo Verde nuclear, then what? 75% of AZ's current base-load will be gone by 2050! What will replace it?
- Extend life of existing central plant electric assets for max time possible
- Get over hatred toward California... see them as major export customer... sell them power! Make this new major economic cluster for job creation.

NEW INDUSTRY--NG expansion and storage—exploit NG long-term price outlook

- Supply interruption for pipeline breaks.

NEW INDUSTRY--McNukes—Small 200MW package nukes that McCain favors... financing won't break APS and SRP to build... like Palo Verde almost did in 1970's.

NEW INDUSTRY--Utility of the Future ...QEEST R&D Center at ASU... (ASU, MIT, CalTech, Georgia Tech) to study distributed, rates, renewable and sustainable, smart grid, etc.

NEW INDUSTRY--AZ #1 in Solar: Epicenter of Photon/Solar energy

- CAP 400MW PV, 50% water savings
- “Rate Base” Solar once it reaches Capital Cost targets of less than \$.10 per kw?
- Consider a future AZ of Solar plus NG (cheap and spins up fastest) to maximize base load and minimize overall cost
- Transmission upgrades (especially to California)

NEW INDUSTRY...Conservation... Zero Energy Homes an AZ goal (if this makes sense anywhere, it is AZ).
Convergence of distributed rooftop PV, CNG garage units and generators, design and insulation for minimal HVAC load. Net Metering to encourage distributed implementations.

NEW INDUSTRY... Best of Class Car Incentives... e.g. Plug-in Bi-Fuel NG Prius plus CNG station at home.

Savings to family of 75% and reduced risk of unleaded gas spikes!! Other renewables:

- New biofuels ideas and greenhouses for food. Become “sunshine energy capital of world” (sun and CO2 leveraged with more efficient water)
- First to have green airports, subdivisions, government buildings, schools, etc. Waste-to-energy projects in landfills, wastewater plants
- Senate sets example... Senate parking lot covers ... eg. solar panels like ASU around Sun Devil Stadium

ENTITLEMENTS

Change welfare incentives from “safety net for life” to “short-term assistance” mentality

- Drug test to qualify for assistance with penalties and behavioral counseling requirements

AHCCCS, DES reform

- SANE reform for those without documents to prohibit welfare benefits
- SB1070 those that are here to abuse or even use welfare benefits long-term
- More work and co-pay requirements

Create Self Sufficiency Centers

AZCare Portal... state exchange vs. federal exchange

Impact of life expectancies that will increase in next 100 years?

HEALTHCARE

Restore AZ as **wellness capital of world** (AZ's reputation in 1900-1960 as best place for TB, asthma, good health:

- Best Climate for feeling good (sunshine, clean, open air, warm, dry)
- Best Hospitals and care
- Medical Tourism... Oasis, Barrows specialized hospitals
- Favorite of Snowbirds
- Culture of wellness developed... proper diet, exercise, outdoor activities. Lower weight of all Arizonans by 25% would lower healthcare costs, insurance costs, etc.

Wellness Capitation implemented for Healthcare (personal responsibility and prevention).

- Doctors and Hospitals on Capitation Plans to align incentives
- Patients all on co-pay and deductible plans to align incentives
- Fee for service has to go!!
- Consider HSA's plus catastrophic insurance to get citizens to shop for best value healthcare and resist just going for care since it's free.

Healthcare—State or Federal Exchange?

Federal Exchange?

- Less costly to state to implement... just sit back and let them do it!
- Federal financial subsidies are clearly articulated in the law.
- Federal gov. will make this the way they want it... more onerous, more red tape, less elegant, more strict, more difficult on insurance and healthcare providers, more liberal bias.
- Given uphill battle with conservative AZ Legislature Gov. Brewer elected to use this option... a Fed Exchange for AZ.

State Exchange?

- ADEQ example with EPA. Favorable experience with ADEQ vs. EPA. Nightmare working with federal agencies. Always better to do as much as possible at state level. Could be better service to citizens of AZ.
- Federal financial discrepancies will be corrected via executive orders or IRS regulations. Regarding Obamacare-- GOP Congress will not assist executive branch so Obama will act alone backed up by judicial branch.
- Some predict that AZ will eventually do its own state exchange.

Do Nothing? Drag our feet... Protest!

- AZ as Obstructionists— fines, lawsuits against AZ, federal government hassles to state, anger toward Obamacare will get us nowhere since it is now the law of the land... upheld by Supreme Court and 4 more years with Pres. Obama in White House. Very ugly option.

ECONOMY

The heart of AZ's Future

Restore AZ Reputation-- "AZ's Awesome"

- Rebrand East Valley, merge Visitor and Convention, EVP, GPEC, Chamber, ACA groups into powerful marketing force.
- Reputation --Texas is "arrogant", CA is "smug", UT is "Mormon", NV is "gaming", AZ is "outlaw crazy".
- Celebrate, communicate and market AZ as a great place.
- Push "Easy Living" as the AZ attraction. Big places wear you out. Better lifestyle, cheaper to live here.

AZ has huge geographic trading opportunity and advantage... CA is #9, Canada is 10th, Mexico is #13th, Texas is 14th economies in the world!!

- •NAFTA-Centered Entrepreneurship... use it or lose it! Partnerships with Mexico based entrepreneurs NOT politicians. Vicente Fox offer to help here.
- •CA economy is threatened by over regulation. Attract business refugees from CA.
- •Canada business and trade development... Canadians love AZ! Climate is exotic, dry and warm!
- •How to leverage Texas?
- •Other International Trade and Export focus.

Key is Entrepreneurship!

Global Epicenter of Entrepreneurship... **least economic risk to AZ**. Create ecosystem conducive to startups.

- Fully roll-out SkySong, East Valley Gateway Innovation Centers, Scottsdale and Chandler AirParks, Tall wave, incubators, furnaces, venture funds, ideation nights, etc. to encourage and foster entrepreneurial environment. Duplicate MIT Enterprise Forums, Startup Studios (Dinner nights to discuss a new business idea--by invitation only).
- Teach entrepreneurship in high schools, EVIT, community colleges, adult education programs... boot camp at EVIT, and SkySong with college credits.
- Attract large VC funding sources to AZ. Utilize the celebrities we have here...create a new campaign that shows how innovative and fresh AZ is. Focus on top five areas of innovation... Education, Economy (Bio Tech/ Technology), Healthcare, and Energy.
- No other state has more CEO's to network that could be mentors to startups. Fully engage and organize retirement "C" level talent (many will invest too).

AZ Business Cluster Plan (Need formal survey)—

- Economic development best practices are trending state and regional vs. city (go it alone, compete with other cities, etc.) Best incentives start at city for buy-in then layer on state level incentives.
- Photon/Solar/Battery
- Mexico as Trading Partner--PR effort via President Fox
- BioScience (TGen, Genome)

- Medical Schools (3), Hospitals, Clinics (Mayo, Anderson, Cleveland, Barrows, etc.), Nursing, Dental, PA schools, etc.
- Major International Freight Center (Air, Rail, Truck)
- Gateway, Scottsdale and Chandler Airport Clusters
- Rail yard in Picacho
- Food processing plants leaving California in mass... going to Texas
- Yuma/Rocky Point Port... skip California
- Exporters of any kind. Elliot Pollack's "Base Industries" that are most potent economic/jobs drivers. P3 those base industries if Gov. is going to pick any industry to assist.
- EastMark, Superstition Vista, RCA as new cities of the future in AZ
- Construction... best in world, Zero Energy Homes
- Mining (Copper, Gold, Silver, Potash, Uranium)
- "Sunshine" marketing campaign (AZ's Climate... diverse with 6 ecosystems from Alpine skiing to Sonoran Desert winters):
 - Canada, Idaho type citizen migration to AZ
 - Snowbird
 - Tourism
 - Wellness
 - Colleges add warm weather campuses to compete
 - Sports Mecca for Sept. to May perfect weather
 - Golf is HUGE
 - World-class airport with SkyHarbor (40MM PAX!...9th in world)

- High Tech:
 - Semiconductor (Intel and spinoffs)
 - Astro (Space) and Aerospace (Boeing and spinoffs)
 - Drones and unmanned vehicles/robotics/driverless cars (Google cars in NV... first state to establish process, testing and licensing of driverless cars but this is very similar to sensing, UAS, etc.)
 - Sensors (Raytheon and spinoffs)
 - Smart grid (Santa Fe/Japan JV)
 - Supercomputing/big data and data centers (stable weather, tectonics, low natural disaster risk, low power costs) for analytics, virtualization and scale.
- ASU as a business and associated spinoffs:
 - Photon
 - Flex Display
 - Sustainable
 - Distance Learning
 - BioDesign
 - SkySong Furnace Startups
 - Tech transfer to match U of Utah, Oxford's transfer group ISYS, U of Texas's Austin Tech Center, etc.
 - Rethink how entrepreneurship can be driven by our state universities
- Energy for CA/export (Coal, Nuclear, NG, Hydro, Renewables) since CA is anti-development
- Industrial with Asia
 - ReShore (bring back automated lines from Asia)

- Hispanic Business Development (SANE and then reach out to Latinos again)
 - Engage, empower, energize and become endeared to Hispanics in order to free them to start, expand and grow businesses again in AZ... over 30% of population now and will reach 50% by 2030.
 - If Hispanics continue to be under-educated and under-employed, AZ will suffer.
- Create “World Trade Center”--
 - Asian Business Development. Huge growth globally... few states are embracing this sector. Chinese center on 44th St leveraged.
 - T-Bird is #1 MBA International school in world in each of past 17 years... use this as International base from which to launch world-class international business development plans. T-Bird will help develop this plan.
 - Leverage the 30 Honorary Consulate groups in AZ to business develop backward to their respective countries.
- Epicenter of Education
 - Distance and blended learning models
 - MOOC's
 - Charter Schools (“Basis” has 2 of top 5 HS in US and parents are moving to AZ to use them)
 - Campus extensions of colleges/universities (especially cold climate areas)
 - U of P x CEO's rolling up for Goldman Saks \$2B right now
- Telemarketing and Credit Card Centers
- Tribal Gaming
- Law.com/LegalShield... disruptive innovation for lawyers started in PHX

- •Go*Vets... #5 state in DOD spending and returning vets can provide disciplined workforce (with \$53K each in GI Bill) if we cultivate. Vets are fighters... “come home, start businesses and make USA great again right here at home”. Brings in tourism...the 10 day boot camp in AZ from all across the country. Jeff Talley, Chief Army Reserves to assist.
- Army intelligence expertise leveraged from FH base
- Rugged Individualism and Conservative Populism? Misfits and renegades in AZ. Any future value to AZ’s economy? Start in area like Snowflake and market to this crowd.

AZ Politicos should be on roadshows with ACA, Industry Clusters to listen, show support--

- Need to work together... not in silos... State, Counties, Cities, GPAC, Chambers, ACA, Westmark, EVP, Visitor and Convention groups

EFFICIENCY {GOVERNMENT}

Deliver all public sector services efficiently with world-class processes to be #1 in USA!

AZ spends \$28B per year from various federal and tax sources... protective agencies will resist change

“15 in 15”: AZ State spending leaned down from 26% to 15% of AZ GDP in 2015:

- **Change incentives to reward changes to modernize and improve State Government...** Worsley RISC Plan...
Reward Incentive to Save Costs to state employees when peers leave state employment. “Cycle Time and Defect Reduction”
- Cloud computing to replace IT assets of AZ State agencies
- AZ ranks 28th lowest cost of all states

Study “Best Practices” by other states:

- Texas—”Texas can move at the speed of business!”
- Washington State:
 - -On-line voting vs. ballots
 - -GDP per capita is 2X AZ
 - -Prisons are 50% per capita AZ

- Indiana--One stop welfare shops
- Florida—Drug testing for welfare benefits

Tax reform (sales and income) or go to own flat tax (Worsley GDP Flat Tax?)

Government Structural Reforms--Consider discontinuing political elections for County Sheriff, Judges, Constables, State Mine Inspector, ACC, Treasurer, Superintendent of Education... Appoint or hire them! Implement in 8 years to avoid flack from current or would be office holders.

Defined Benefit to Defined Contribution Plans? “15 in 15” will automatically reduce union influence on AZ by shifting jobs to private sector

Reunite GOP

- **Protestors vs. Builders (stop blowing up bridges and build some)**

Recruit better caliber of elected officials... pay, term, clean election reform

AZ is easiest state government to change... malleable, young.

INFRASTRUCTURE

Commerce flows where there is Infrastructure!! Nurture AZ's potential economic future with great infrastructure planning.

SpaceX high speed transportation in Sun Corridor

Neptune Spear Interstate Freeways... LV, UT, NM from Mexico

I-11, I-10, Pinal Corridor, Commuter Rail from Nogales thru Sun Corridor... make the Mexican border an asset to leverage rather than area to avoid due to illegal activity

High Occupancy Lanes (tolls?)

Revise fuel tax to highway user tax (electric cars, high mpg cars do not pay their share)

International Freight Center (Rail, Air, Pipeline, Freeway, etc.)

Aerotropolis vision like Korea?

Light rail and walkability planning vs. AZ as commuter car state

Broadband—Capacity for AZ growth

Arts and cultural celebration centers planned for recreation and renewal of spirit... quality of life in AZ

EDUCATION

#1 job -- Protect children's future at legislature. Assure that they will have a better life than we have today.

New Vision... MOOC's plus "One Room Schoolhouse" and seamless K-16 individualized adaptive learning all the way to bachelors' degree.

- MOOC=Massive Open Online Course... born in 2012 at Harvard, MIT, Stanford... Concept is to have 90% of school work done on line with the masters of all topics from K-16.
- 10% of the school experience would be at a smaller school with tutors and mentors who monitor your progress on-line. Mentors are x-teachers but paid 2X current pay!!
- All non-core electives like CTE or vocational training, music, debate, sports would occur at "clubs" or EVIT type facilities in each city or town. Social interaction occurs with youth of similar interests.
- State would fund each child annually with vouchers to fund club membership and activities.
- Students without discipline/focus to do schoolwork go to Charter Schools that babysit and teach discipline.
- No university level remediation due to poor public school preparation.
- Goal is to SAVE XX% of the cost to the state and get uniformity in education results while allowing youth to learn at their pace and in their own individualized way.
- Parents can start their children at any point the feel their child is ready... no later than 6years old.

AZ becomes the Epicenter of Innovation in Education. Today AZ is wild, wild west of on-line experimentation. Time to innovate to ultimate vision. Less need for brick and mortar, teachers, paper, etc. Education needs to evolve into new digital age.

- U of P and spinoff/startups, Rio Salado, Grand Canyon, ASU, Thunderbird, BYUI Pathways are testing various pieces of this model and moving in this direction rapidly.
- Blended or hybrid learning models must be perfected
- Adaptive Learning... ASU's Newton model to find weak areas that need most work

AZ K-12 ranking in USA today:

- 48th in funding and 26th academically
- Bottom-line: Top 20% of AZ students are nationally ranked, Bottom 20% are among the nation's worse and 60% in the middle are low on average since they are seldom college bound... Construction boom led many HS grads to skip college for readily available good paying jobs... too many were "Shea Home Superintendents".
- Phoenix Union District pays teachers \$10K more per year in salary than Mesa and yet PUD has the worst student performance in the State.

Innovation Grants--Stop giving lump sum payments to Schools... offer money in specific strategic funding mechanisms to drive entrepreneurship and innovation (eg. \$5MM for Innovation Grants to implement "Move On When Ready" with 1:1 matching funds)

ASU is #1 size in USA now...Dr. Michael Crow is #1 most highly regarded President in USA... Protect them both! They are treasures for AZ.

Thunderbird is #1 MBA International program in world for each of past 17 years. They want to help AZ. They have great idea to contribute. GMI is best evaluation for those that have international ambition. Can we partnership with high schools to get T-Bird exposed to valley youth?

Get to 3 Medical Schools in AZ... Mesa, PHX, Tucson

Push for colleges to have warm weather campuses here in AZ. Great climate for traditional school year. Campuses have proven to be huge economic drivers and they also invigorate older areas... reverse downtown entropy e.g.. ASU downtown PHX campus, EVIT for Mesa

Why not get famous schools like Juilliard here in AZ vs. just NYC? Great climate.

Epicenter of Charter Schools K-12... first and most successful in USA... Privatize it all or are school Districts viable/adaptable? "Basis" in Tucson has 2 of 5 top High Schools in USA... parents moving to AZ for schools!

“Move on When Ready”... Pioneer removal of age grouping, replace with individual pace and individualized learning models. School paid counselors need to be retooled from old models to new “Course Choice” model--

Incentivize Parental Involvement... moved from parents having “School Choice” to “Course Choice” (ASU spearheading effort) which leads to “School of Record” debate about where the student will get their graduation certificate.

Performance pay (carrot) and school closures (stick) if not performing

- Change state financial incentives for keeping kids in High School, conflicts between State universities, community colleges
- Solution: Each child has a bank account to take to HS, CC, EVIT, University, etc.

Young Entrepreneur’s Success (YES!) program reaches into high school and EVIT. Curriculum and Entrepreneurship system developed by Entrepreneurs. AZ can become the number #1 trainer, mentor and implementer of entrepreneurial education.

Longitudinal Analysis System for Education Statewide...all students, all grades, all attendance, all information about each student in one database --Leaders will not consider off-the-shelf packages... want custom!

Broadband Connectivity – Cisco to model Utah’s network?

Textbooks to iPads

Common Core Preparation – “Beyond Textbooks” out of Vail

CTE... Joint Technical Education Districts (JTED)

Early Education – Cost of \$200MM but results?

Teacher Effectiveness & Evaluation

STO (School Tax Organizations) effective? Self directing by donors of actual State Revenues vs. deductions make any sense?

Workforce development in STEM

Teacher Certification changed for max flexibility to teach in AZ schools

ENFORCEMENT

Implement Biometric Cards for all immigrants and lawbreakers

SANE immigration reform. Guest worker program like Utah's Empower program.

State Border Patrol?

- Move smuggling corridors away from AZ border (increase risk to cartels of losses over 30%). Consider AZ funded drone patrol of border like Texas started.

Enforce drug laws in USA and find way to control the money flow ... Mexico is the conduit for \$60B of US drug money by 50MM illegal drug users in the USA!

See "Economy" section for resulting benefits of getting Mexico engaged for new era of NAFTA trade.

Partnerships with Mexico-based entrepreneurs.

Sentence and prison reform to reduce populations (compare Washington State prisons who have best practices)--

- Update 1978 sentencing reform... ask Steven Twist to drive the process
- Run numbers on real cost of private prisons... no capX to state so we pay premium for“leasing” beds. Short term fix but may be long term expensive solution since AZ has the long-term need.
- AZ Common Ground. Lower recidivism rate. Frantz Beasley founder.
- Death row backlog

Quality of Life

Arts, Sports, Recreation, Spiritual Renewal

Backdrop to all 9 areas of focus...

The “hard” areas of government are softened by arts, sports, cultural diversity, spiritual renewal and recreation opportunities available in Arizona.

- State’s role... state parks currently unfunded and closed
- Role of churches
- Role of philanthropy
- Role of clubs and other special interest groups that focus on choir, dance, debate, comedy, sports of all kind, etc.
- Nature in Arizona provides great opportunities—
 - Grand Canyon
 - Sedona
 - Monument Valley
 - Sonoran Desert
 - Mogollon Rim
 - White Mountains
 - 6 major ecosystems

