

**Pima County Small Business Commission
Meeting**

Thursday, July 15, 2021
3:00 P.M.

Video Conference/Telephonic Meeting

SUMMARY OF MEETING

Commission Members Present

Kent Blumenthal, Chair
Ken Goodman, Vice-chair (*arrived at 3:18 pm*)
Janay Arenas
Shelby Collier
Moniqua Lane (*arrived at 3:26pm and departed at 4:32pm*)
Jeffrey Wood
Gabrielle David
Carlos Ruiz
Josh Jacobsen

Commission Members Absent

Vera Minot
Raul Aguirre

Staff in attendance

Pima County:
Patrick Cavanaugh, Economic Development
Deputy Director

Guests in attendance:

Hon. Steve Christy, Pima County Supervisor D-4
Kim Challender, Supervisor Rex Scott's Office
David Higuera, Supervisor Heinz's Office
Shaq McCoy, Supervisor Heinz's Office
Vanessa Barchfield, Supervisor Heinz's Office
Maria Klucarova, Chair Bronson's Office
Beth Borozan, Supervisor Christy's Office

MOTIONS

MOTION: Commissioner David moved, seconded by Commissioner Jacobsen, to approve the summary of the April 15, 2021 meeting. Motion approved 8-0.

MOTION: Vice-chair Goodman moved, seconded by Commissioner Jacobsen, to send a letter written by Chair Blumenthal from the Commission seeking clarification from the Board of Supervisors about its expectations about the Commission and noting the lack of response to communications from the Commission to the Board of Supervisors. Motion approved 9-0.

MOTION: Commissioner Jacobsen moved, seconded by Commissioner Ruiz, to advise the Board of Supervisors not to enact a minimum wage ordinance that is a higher wage than the State of Arizona's minimum wage. Motion approved 7-1.

MOTION: Commissioner Ruiz moved, seconded by Commissioner David, to approve amending the draft Commission bylaws and to also include language similar to the conflict of interest provision contained in the bylaws of the Pima County Board of Health, as suggested by the Pima County Attorney's Office. Motion approved 8-0.

MOTION: Commissioner Ruiz moved, seconded by Commissioner David, to forward the Commission approved amendments approved by the Small Business Commission to the Board of Supervisors for consideration on a future Board agenda. Motion approved 7-0 with one abstention.

MOTION: Commissioner Jacobsen moved, seconded by Vice-chair Goodman, to adjourn the meeting. Motion approved 8-0.

MEETING SUMMARY

1. Call to Order

The meeting began at 3:05 p.m.

2. Roll Call

Roll call was conducted by Deputy Director Patrick Cavanaugh. Commission quorum was confirmed.

3. Chair's Report: Review of the agenda and virtual meeting protocols

Chair Blumenthal welcomed newly appointed Commissioner Jeffrey Wood and provided an overview of the meeting protocols and a review of the meeting agenda. Commissioner Wood introduced himself to the Commission.

4. Call to the Public

All of the guests in attendance introduced themselves and greeted the Commission.

5. Approval of meeting minutes

Commissioner David moved, seconded by Commissioner Jacobsen, to approve the April 15, 2021 meeting summary. The motion was approved 8-0.

6. Coordinator's report & Updates (Patrick Cavanaugh)

- a. Pima County COVID-19 vaccinations progress and economic recovery

Mr. Cavanaugh stated he had provided the Commission with the Pima County Administrator's July 6, 2021 COVID-19 Update report to the Board of Supervisors and he summarized the content. The Sun Corridor, Inc. Pivot Playbook economic recovery plan and Arizona Office of Economic Opportunity employment statistics for Pima County.

b. Pima County Taskforce: Strategic plan for digital access in Pima County

Mr. Cavanaugh stated he had been invited to participate in a Pima County Taskforce that will work toward developing recommendations regarding internet access. Due to the Commission's previous agenda items related to broadband internet in rural communities, Mr. Cavanaugh pledged to convey information between the Commission and the Taskforce.

c. Questions from the Commission

Vice-chair Goodman asked Mr. Cavanaugh about federal and county funding and authority for expanding broadband access. Mr. Cavanaugh referred to previous presentations to the Commission and restated the Taskforce's intention to explore these areas.

7. New Business

a. Presentation of 2020 Small Business Awards at BOS in-person meeting on Tuesday September 21, 2021 (Blumenthal)

Chair Blumenthal explained that the presentation of the 2020 awards was postponed due to COVID 19 mitigation measures for public meetings and underscored the importance of the presentations to the Commission and the award winners. Chair Blumenthal identified the September 21, 2021 as the most likely date for in-person award presentation. Mr. Cavanaugh concurred. Chair Blumenthal encouraged all commissioners to attend and asked about Arizona Open Meeting Law requirements. Mr. Cavanaugh stated it was simply a public notification requirement that he would coordinate.

b. Change SBC September 2021 meeting to in-person SBC meeting on Thursday September 23, 2021 (Blumenthal)

Mr. Cavanaugh stated the Board of Supervisors at its July 6, 2021 meeting had tentatively set September 2021 for its return to in-person meetings and the Pima County Clerk of the Board subsequently provided guidance for Pima County Boards, Committees and Commissions to also return to in-person meetings. Mr. Cavanaugh stated he had taken the liberty of reserving the Board of Supervisors' Conference Room at 130 W. Congress for the Commission's monthly meetings for 2021-2022 and parking and remote access will also be arranged.

Chair Blumenthal stated he also placed this item on the agenda to move the September Small Business Commission meeting from the third Thursday of the month (September 16, 2021) to the fourth Thursday of the month (September 23, 2021) due to September 16th falling on a religious holiday. There was no objection or comment from the Commission.

c. Board of Supervisors responses to official Small Business Commission correspondence (Blumenthal)

Chair Blumenthal recounted previous correspondence sent by the Small Business Commission to the Board of Supervisors that had not received any response from the Board. He noted the Commission was an advisory body to the Board of Supervisors. Chair Blumenthal then proposed to the Commission that he write a letter to the Chair of the Board of Supervisors asking what the expectations should be for the Commission relative to bringing ideas and information to the Board. Chair Blumenthal then solicited comment from the Commission as to whether he should write a letter to the Board on the Commission's behalf.

Vice-chair Goodman cited his previous terms as Chair of the Commission and noted his letters had not received a response and agreed a letter should be sent and questioned why the Board never responds.

Mr. Cavanaugh emphasized that the Board is receiving the information from the Commission but explained that the Commission is an advisory body sending information to the Board of Supervisors, which is also a governmental body, and noted this is a cumbersome and regulated process. He also noted that the most recent letters to the board have not been very specific in asking for action. He noted the Commission's very specific letters to the County Administrator did receive detailed responses. He noted 10 of the 11 members of the Commission are appointed by district by the individual Supervisors. Mr. Cavanaugh said historically, the best information flow has occurred by appointed Commissioners communicating directly with their appointing Supervisors and Supervisors' staff – in addition to, or instead of, sending letters to the Board of Supervisors.

Commissioner Arenas asked if the Commission needed to repeatedly present communications to the Board until it responds.

Commissioner Jacobsen said he agreed with Mr. Cavanaugh and encouraged Commission appointees to communicate with their appointing Supervisors but expressed frustration with Board's lack of acknowledgement of the Commission's communications. He stated the letter to the Board under consideration should not seek what the Board's expectations are, but rather to respectfully communicate what the Commission expects, such as some acknowledgement of the communications that are sent to the Board of Supervisors.

Mr. Cavanaugh reiterated that the Board of Supervisors was receiving the communications from the Commission and noted that a Supervisor and a number of staff members from the Board of Supervisors' offices were in attendance in the current Commission meeting.

Vice-chair Goodman moved to send a letter written by Chair Blumenthal from the Commission seeking clarification from the Board of Supervisors about its expectations from the Commission and noting the lack of response to previous communications from the Commission to the Board of Supervisors. The motion was seconded by Commissioner Jacobsen. Motion passed 9-0.

d. Pima County minimum wage (Jacobsen)

Commissioner Jacobsen discussed the proposed voter initiative in the City of Tucson known as "Fight for \$15" and stated he felt it was important for the Commission to go on record as opposed to a mandatory minimum wage increase, specifically in Pima County. He cited his own company's experience competing for workers with other states and how much more difficult it will be to compete if the City of Tucson raises its minimum wage higher than the State of Arizona's minimum wage. He noted the City of Flagstaff imposed a \$15 minimum wage and businesses there are experiencing problems. He stated a \$15 minimum wage in Tucson and Pima County will also affect the attraction of new business.

Commissioner Jacobsen moved that the Commission advise the Board of Supervisors that the Commission opposes a minimum wage increase in Pima County. The Motion was seconded by Commissioner Ruiz.

Chair Blumenthal asked if the motion was intended to encourage the Board of Supervisors not to pass an ordinance setting a minimum wage in Pima County. Commissioner Jacobsen stated he was concerned that a recent legal opinion clarified that Pima County could impose a minimum wage ordinance, the City of Tucson was considering the "Fight for \$15" voter initiative and that three Pima County Supervisors had gone on record in support of the City's voter initiative.

Chair Blumenthal clarified that Commissioner Jacobsen's motion would be that the Board take no action that increased the minimum wage in Pima County.

Commissioner Ruiz offered a friendly amendment that the Board of Supervisors not pass an ordinance that provides a minimum wage higher than the State of Arizona's minimum wage. Commissioner Jacobsen accepted the amendment. Chair Blumenthal opened discussion of the motion on the floor by calling on each Commissioner individually. Vice-chair Goodman asked for open discussion. Chair Blumenthal stated he would call on Commissioners individually with discussion at the end.

Vice-chair Goodman stated he believed employees should receive a wage that provides a decent standard of living.

Commissioner Arenas stated Small Businesses are hit the hardest by higher costs and she does not believe the County economy can support a \$15 minimum wage, particularly just coming out of the pandemic; and that she agreed with Commissioners Jacobsen and Ruiz.

Commissioner Collier stated that minimum wage is not a living wage but rather a starting point for entry-level employees. He expressed concern about wage compression and the inflationary effect of minimum wage on prices. He believes the County should retain the State's minimum wage.

Commissioner Lane advised she may have to leave the meeting shortly for a business issue. She stated that she agrees with the Commissioner Collier about wage compression and inflation. She is also sensitive to the need for a living wage, particularly in the hospitality industry, but she opposes raising a Pima County minimum wage higher than the State's.

Commissioner David related her experience hiring employees in an isolated rural community where employees are friends and neighbors. She wants very much for them to make a living wage but a mandated \$15 minimum would lead her to reduce her staff and operating capital. Her business cannot afford a \$15 minimum wage.

Commissioner Wood stated wages are a business's largest expense and to have them jump dramatically in a short period of time would not allow business to adjust. He supports the motion.

(Commissioner Lane left the meeting at 4:32pm)

Commissioner Ruiz said minimum wage is an entry level training wage not intended to be a livable wage. The current State of Arizona minimum wage is already rising and compounding costs. He stated as a minority business owner he has attended classes that showed a gap between Latino business owners and Anglo business owners that creates a wealth gap. Minority owned business start small and then stay small. When you place higher wage requirements on these small businesses it places an additional burden on minority-owned businesses. He also doesn't want a differential wage impact between small communities like Ajo, Tubac and Green Valley and a large city like Tucson.

Commissioner Jacobsen noted all of the Commissioner's stated concerns are backed by research. He cited research that indicated when higher wages are mandated there is a corresponding drop in employee hours, net income and benefits are reduced. What Pima County needs to be doing is bringing in new business to provide a wage differential. The market needs to determine wages through greater opportunities rather than through legislation.

Chair Blumenthal asked if Mr. Cavanaugh had any thoughts on the topic of the motion. Mr. Cavanaugh stated he did not.

Chair Blumenthal related his experience with minimum wage in which he used to be director of a non-profit and opened the floor for further discussion.

Vice-chair Goodman cited his positive experience starting in the construction trades as an apprentice but said the problem is that there are abuses in the larger employment market. He stated he understands the arguments made in opposition to a mandated minimum wage but a lot of people in our society are not making the wages that they should be.

Commissioner Ruiz stated as a society we need to get young people on a track for training for higher wages and that's where public policy should be focused.

Chairman Blumenthal restated the motion and called the question.

The motion to advise the Board of Supervisors not to enact a minimum wage that is higher than the State of Arizona's minimum wage passed 7-1, with Vice Chair Goodman voting nay.

e. City of Tucson pandemic recovery initiative for small businesses (Goodman)

Vice-chair Goodman stated he had read about a possible small business initiative in the City of Tucson and wanted to have more information. Chair Blumenthal stated he contacted Kevin Burke, the City of Tucson's Economic Initiatives Deputy Director, and was told nothing firm had been determined beyond the original federal CARES Act funding. Mr. Cavanaugh stated Mr. Burke had called him after the Chair's questions and confirmed the City of Tucson Mayor and Council has not yet decided on specific small business programs funded under the federal American Rescue Plan Act. Mr. Cavanaugh stated he meets frequently with economic development staff at the City and he would keep the Commission apprised.

Vice-chair Goodman asked if Pima County had plans for its federal allocation.

Mr. Cavanaugh said programming was still being developed at the County but if the Commission had particular small business projects it believed needed funding it should communicate that information to the Board of Supervisors. He cautioned that Pima

County has carried the primary pandemic health response, and unlike the City, much of the County's federal funding will be directed to the public health costs of the pandemic.

8. Unfinished Business

a. Proposed schedule for 2021 Small Business Awards program (Blumenthal)

Chairman Blumenthal reviewed the schedule for the 2021 Small Business Commission awards and asked Mr. Cavanaugh if he believed Pima County staff could meet the schedule. Mr. Cavanaugh stated he believed it was achievable but noted support staff for the Economic Development Office would be required. He said the proposed schedule provides some flexibility.

b. County Attorney's review of SBC-approved bylaws amendment (Blumenthal)

Chair Blumenthal stated that he had been informed through Mr. Cavanaugh that the review by the Pima County Attorney's Office resulted in a recommendation that the Commission consider a conflict of interest provision similar to that contained in the bylaws of the Pima County Board of Health. Chair Blumenthal stated a copy of the Board of Health's bylaws had been previously sent to the Commission and he had incorporated a draft provision into the draft Commission bylaws that were also provided in advance to the Commission. Commissioner Ruiz read the proposed amendments to the bylaws aloud.

Commissioner Ruiz moved, seconded by Commissioner David to approve the amendments to the Commission by laws. The motion was approved 8-0.

Commissioner Ruiz move, seconded by Commissioner David to approve the draft bylaws and submit them to the Board of Supervisors for Board agenda consideration. The motion was approved 7-0 with one abstention. (Commissioner Collier abstained.)

c. Small business component within Sun Corridor, Inc. activities (Goodman)

Chair Blumenthal noted the Sun Corridor Pivot Playbook economic recovery strategy had previously been distributed to the Commission by Mr. Cavanaugh and asked Vice-chair Goodman if he had additional comment. Vice-chair Goodman said that in the interest of time he would defer comments to the next meeting.

d. Availability of mailing lists for businesses within Pima County (Blumenthal)

Chair Blumenthal stated in the interest of time he would carry the item over to next month's agenda.

9. JTED Update (Goodman)

Chair Blumenthal asked Vice Chair Goodman if he had an update this month and Vice-chair Goodman stated he did not.

10. Commissioner updates

None of the Commissioners provided updates.

11. Agenda items for next SBC meeting

Chair Blumenthal stated he would like to have the Pima County Communications Director at the next meeting to discuss the awards program, the ability of the Commission to contact small businesses in Pima County and the interaction between the County and the Communications Department during the Pima County B2B program during the height of the pandemic.

The Chair asked to Mr. Cavanaugh to contact the Pima County Communications Director to see if he is available for the next meeting and asked Commissioner Jacobsen to check the availability of Dr. George Hammond, director of the University of Arizona's Economic and Business Research Center, for the following meeting.

12. Adjournment (5:07 p.m.)

Commissioner Jacobsen moved, seconded by Vice-chair Goodman, to adjourn the meeting. Motion approved 8-0.