



# FALCON STRATEGIC VISIONING COMMISSION MINUTES

August 12, 2014

The Falcon Strategic Visioning Commission of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on August 12, 2014 at 7:36 a.m.

## BOARD PRESENT

Rich Adams, Chairman  
Gerald Blomquist  
Mike Haenel  
Tannis McBean  
Rosa Roy  
Otto Shill

## BOARD ABSENT

Craig Kitchen

## STAFF PRESENT

Debbie Spinner  
Scot Rigby  
Dee Ann Mickelsen

(Chairman Adams excused Commission Member Kitchen from the entire meeting.)

### 1. Chair's Call to Order.

Chairman Adams called the meeting to order at 7:36 a.m.

### 2. Discuss, consider and provide direction to staff regarding the draft Falcon Field Area Strategy document.

Chairman Adams remarked that in addition to the draft Falcon Field Economic Activity Area Strategic Vision & Planning document (**See Attachment 1**), the Commission Members also received a document titled "Falcon Field Economic Activity Area Strategic Vision," which includes a Version A and a Version B. (**See Attachment 2**) He stated that since a separate item has not been included on the agenda with respect to the second handout, he suggested that the Commission Members consider it in conjunction with their review of the draft document.

Commission Member Blomquist commented that over the past few weeks, he has reviewed the draft document and engaged in some discussions, via email, with Senior Economic Development Project Manager Scot Rigby and Chairman Adams. He stated that he finds the document to be "woefully lacking," does not include sufficient detail in some areas, and completely missing information with respect to other areas that need to be addressed.

Commission Member Blomquist explained that yesterday he met with Mayor Finter and other Councilmembers, who gave him the instructions and the authority to write a dissenting report with respect to the draft document. He said that as the Commission reviews the document, he will comment on a number of items. He indicated that he would like the Commission to take a vote to incorporate such comments into the draft document and if not, he will include those comments in his dissenting report. He also remarked that if any of his fellow Commission Members would like to include their name on the dissenting report, he would be happy to have them do so. He added that the final document, as well as his dissenting report, will be presented to the City Council at the same time.

Chairman Adams thanked Commission Member Blomquist for his remarks, but said that his suggestions were not included on today's agenda. He noted, however, that as a private citizen, Commission Member Blomquist is welcome to proceed in that direction.

Commission Member Blomquist responded that Chairman Adams misunderstood his remarks. He clarified that he was instructed by Mayor Finter to read into the record his comments relative to the draft document. He reiterated that the Commission Members can vote up or down to incorporate those comments into the document and noted that if they choose not to do so, they will be included in the dissenting report that he will prepare.

Responding to a question from Chairman Adams, City Attorney Debbie Spinner advised that Commission Member Blomquist can present issues that he believes should be incorporated into the report. She stated that since the intent of the draft report is to reflect the consensus of the Commission, the Commission Members can decide whether to include his comments or not. She inquired with respect to Commission Member Blomquist's reference to a separate document.

Chairman Adams explained that the purpose of today's meeting was for the Commission Members to review the draft document and offer their input and feedback so that at their final meeting, they can approve the document and forward it on to the City Council. He added that per the discretion of the Commission, Commission Member Blomquist's comments would also be included.

Economic Development Director Bill Jabjiniak, Deputy Economic Development Director Jaye O'Donnell and Senior Economic Development Project Manager Scot Rigby addressed the Commission relative to this agenda item.

Mr. Jabjiniak reported that staff has incorporated the Commission Members' prior comments from last week's meeting into the draft document. He explained that the document focuses on Mesa's business attraction activities, branding and marketing, and potential business sectors. He invited the Commission Members to offer their comments and suggestions and added that staff was continuing to modify the document's text and update certain statistical data.

Mr. Jabjiniak referred to the Objective of the Falcon Field Economic Activity Area (FFEAA) Strategic Vision. (See Page 3 of Attachment 1) He noted that a high-quality job is defined as the following: "A full-time equivalent position that pays an annual wage at or above 125% of the annual median wage (\$35,275) for Maricopa County, or \$44,094 (2013)."

Ms. O'Donnell reported that she has prepared a Strategic Vision Version A and Version B, which was created as a result of the Commission Members' input at last week's meeting. She stated that it was at the discretion of the Commission what version they would prefer and suggested that the Strategic Vision be succinct and establish what the Commission would envision for the FFEAA in the next five to ten years.

Chairman Adams stated that it was the consensus of the Commission Members that Version B be included in the final document.

Mr. Jabjiniak continued with the description of the FFEAA (See Page 4 of Attachment 1) and noted that it encompasses more than just the Falcon Field Airport.

Mr. Jabjiniak also highlighted the FFEAA Business and Industry Profile. (See Page 5 of Attachment 1) He explained that the source of the data was derived from the Maricopa Association of Governments (MAG).

Ms. O'Donnell further clarified that staff reviewed data from Dunn and Bradstreet Hoovers, which serves companies on an annual basis, and noted that the companies self-report. She also commented that at times, companies do not self-report and stated that the data includes numbers that MAG receives, for example, from DMB. She noted that staff called CAE and said that the company was actually listed in Hoovers as zero employees. She pointed out that the data reflects full-time employees who are working in the specific industry sectors in Mesa.

Commission Member Roy stated that it was important for the final document to demonstrate that the number of employees is reflected from the specific industry sector source. She noted that it is a fact that the numbers are not correct. She explained that not all employers report to Dunn and Bradstreet and reiterated that the data included on Page 5 is not accurate. She remarked that in order for the data to be accurate, it is necessary for staff to call the various employers, as Ms. O'Donnell indicated that they did with CAE.

Ms. O'Donnell responded that staff can survey the companies, but commented that it takes resources and time in order to do so.

Chairman Adams inquired if it was sufficient to note the source and the fact that there may be some data that is unreported or unqualified.

Commission Member Haenel stated that he would prefer to leave the industry breakdown as it is listed in the draft document.

Mr. Jabjiniak remarked that the data reflected in the draft report is a compilation of the MAG database, as well as staff's contact with certain employers. He pointed out that there will be exceptions, but reiterated that in his opinion, the numbers reflect a very accurate "snapshot in time" of the Falcon Field employers by industry breakdown. He also commented, in response to Commission Member Roy's comments, that many of her employees at CAE receive W-2s, as opposed to 1099s, and work in California and not in the FFEAA.

Commission Member Roy stated that the point of her comment was to ensure that when someone reads the document, that they are aware of the sources from which the numbers were

gathered. She added that the reason MD Helicopters' data was correct is due to the fact that Commission Member Kitchen took the time to revise the numbers from this document.

Mr. Jabjiniak briefly reviewed FFEAA Growth from 2007-2013. (See Page 6 of Attachment 1)

Commission Member Blomquist commented that with respect to the Market Overview, the narrative would lead one to believe that the vacant inventory in the FFEAA is the type of product that employers are looking for, which is not the case. He noted that most of what is available are either third or fourth generation buildings or fairly small buildings. He also stated that farther into the report, it indicates that companies are looking for space in the range of 25,000 square feet.

Mr. Jabjiniak acknowledged that the product is out there and "it is what it is." He also recognized that in the last two years, the market has moved and said there is a demand for bigger floor plates. He added that the City would encourage additional development with the larger floor plates.

Commission Member Blomquist suggested that the information just alluded to by Mr. Jabjiniak should be included in the Market Overview.

Mr. Jabjiniak concurred with Commission Member Blomquist's statement, but also commented that it was important for the property owners to work with the City as it relates to ongoing economic development opportunities in the area.

Commission Member Blomquist remarked that he did not see the City as being "the traffic cop" for locating employers. He pointed out that 85% of the growth in the Phoenix metro area is organic and said that the City "is not going to hear about it." He noted that while the City may be involved with the Greater Phoenix Economic Council (GPEC), its economic development efforts generate only 15% of the market.

Commission Member Blomquist further commented that it was more of a function of how does the City disseminate the information to the 85% that should be the City's "bread and butter". He stated that the brokerage community should participate in those efforts as opposed to the City at large. He acknowledged that the Economic Development Department should be involved as well, but remarked that he sees no mention in the draft report of getting the industry involved in this issue.

Chairman Adams indicated that those issues are addressed in the draft report under Goals and Strategies and suggested that this discussion be tabled until such time as the Commission Members review those items.

Discussion ensued relative to potential language changes to the Market Overview to address Commission Member Blomquist's concerns; that Ms. O'Donnell suggested taking verbiage from Page 16, which outlines what the office prospects are looking for in terms of available square footage; and that she would add a paragraph indicating what is existing for the smaller floor plates, but note that the demand is for the larger floor plates and compare and contrast those two items.

Commission Member Shill stated that if the square footage of buildings in the FFEAA is too small and companies want larger spaces, he questioned whether it would be appropriate for the

Commission to make a recommendation with respect to refitting or recombining parcels in order to accommodate larger buildings.

Commission Member Blomquist stated that in his opinion, that would not be the Commission's call and noted that the market would dictate what should be done in that regard.

Commission Member Shill suggested that if there are specific areas around Falcon Field where it would make sense for the Commission to make such a suggestion, he questioned why it would not be appropriate to do so.

Commission Member Blomquist concurred that it would make sense to include a sentence or two in the report addressing that matter.

Commission Member Haenel suggested including comments in the Opportunities section of the report, such as a bullet point with the verbiage "Possible Redevelopment Opportunities."

Mr. Jabjiniak stated that staff has included the redevelopment comment in the draft report and acknowledged that there will be a market decision made by the property owners. He noted, however, that redevelopment opportunities currently exist and should be considered.

Commission Member Shill stated that although he did not believe that staff forgot to include redevelopment opportunities, Commission Member Blomquist's comment made him wonder if there are specific areas that the Commission Members might highlight as possibilities for such activity. He cited, for instance, if there was an office park with too many small buildings, the Commission might suggest that over time, it might be appropriate to transition it to a large building.

Ms. O'Donnell pointed out that Page 20 of the draft report addresses Commission Member Blomquist's concerns under Objective 3, Product development, Strategy e: "Direct city staff to identify redevelopment opportunities with recommendations for creative uses. Develop streamlined processes to make sites more productive and attractive. May consider focusing on smaller companies for infill/redevelopment projects."

Chairman Adams stated that the Commission concurred with Page 6 of the draft document.

Ms. O'Donnell commented that with respect to the Demographics chart contained in the draft report (See Page 7 of Attachment 1), staff intends to include additional data relative to those employees working in the FFEAA that commute from other communities, as well as the percentage of employees that live and work in the area. She noted that staff was in the process of collecting such data and added that MAG will conduct the polls on 2007, 2010 and 2013 for comparison.

Commission Member Blomquist remarked that when demographics illustrate higher education and income levels than standard measurements, it reflects that the FFEAA has executive population and business-owner population. He stated that if staff checked with most of those people, they would learn that their businesses are located someplace other than the FFEAA. He commented that the City should be encouraging these individuals to grow or locate their businesses to this area of the community.

Mr. Jabjiniak responded that the City has already implemented a strategy with respect to its Business Retention Program and solicited excellent feedback in this regard. He concurred that the FFEAA is a significant employment area and must continue to grow. He also commented that with additional emphasis, it can grow with the market.

Commission Member Blomquist countered that he was not interested in the FFEAA growing along with the rest of the Valley. He reiterated that these are the types of people that he would like to see move their businesses to the FFEAA.

Chairman Adams restated that what Commission Member Blomquist is conveying is that in addition to businesses that are already located in the FFEAA, there are also individuals who live in the area and would make the decisions whether to relocate their businesses there.

Commission Member Blomquist indicated that even if the report contained a footnote, it was important to emphasize the fact that these individuals will generate new businesses.

Commission Member McBean commented that there are processes related to the strategies that Commission Member Blomquist is talking about which are framed in the document. She stressed the importance of reviewing the draft report on a page-by-page basis.

Mr. Jabjiniak displayed a map of the FFEAA and associated development opportunities. (See Pages 8 and 9 of Attachment 1)

Commission Member Haenel suggested totaling the number of acres identified at the bottom of Page 9.

Ms. O'Donnell reported that with respect to the Breakdown of GPEC/ACA Project Submissions with FFEAA Properties/Buildings (See Pages 10 and 11 of Attachment 1), staff is revising Chart D in order to make it more legible.

Commission Member Blomquist stated that one of the major problems he has with the draft report is that it seems to focus on GPEC-type operations or efforts. He explained that so much of the report focuses on the 15% that GPEC contributes on an annual basis, but little about the remaining 85%.

Commission Member Blomquist recommended including additional comments after Chart D as follows: "It should be noted that at least 85% of job creation in the metro area is organic, with homegrown companies and current corporate residents adding employees." He explained that the population in the demographics chart reflects the individuals that the City should focus on. He pointed out that this is not for 15% of the effort, but rather 100% and said that 85% is not GPEC's efforts. He added that this is an issue that the City should address in terms of its branding and marketing strategies.

Chairman Adams stressed the importance of the report containing information that can be substantiated by some source. He inquired whether Commission Member Blomquist's comments can be substantiated.

Additional discussion ensued relative to the information that was provided by a GPEC representative at an earlier presentation to the Commission, which was the source of Commission Member Blomquist's above-referenced comments.

Commission Member McBean stated that in her opinion, the proposed language may not fit on Page 10. She noted, however, that it would be important to determine where in the draft report to insert the verbiage.

Commission Member Blomquist responded that the problem was that there was no place for the language to fit.

Commission Member McBean suggested creating a new chapter to include such verbiage.

Mr. Jabjiniak remarked that what staff has found with respect to many of the current deals in the market is that companies are looking for existing buildings as opposed to new build-to-suit projects. He stated that unfortunately, the FFEAA does not have that kind of inventory. He commented that although the City has struggled with such a scenario, it has also been successful in bringing some major economic development projects to Mesa. He concurred that a substantial amount of growth will come from the existing business community, but questioned how the City and the property owners "step up together" in an effort to bring such deals to fruition.

Commission Member Blomquist stated that business owners and employers want certainty, want to know what they are getting and what to expect from the community in which they intend to conduct their business. He noted that the draft document does not include those topics in any manner whatsoever.

Chairman Adams suggested that the Commission and staff get back into the strategies that may address some of Commission Member Blomquist's questions.

Ms. O'Donnell clarified that the draft report outlines the City's new business/attraction effort in cooperation with GPEC and the Arizona Commerce Authority (ACA). She suggested that staff could add a section on retention and expansion efforts that the City has worked on in the past few years to provide a snapshot of such efforts. She stated that might be an appropriate place in which to incorporate comments regarding job creation and organic growth that has occurred in Mesa.

Commission Member Shill commented that last week, the Commission reviewed a map that illustrated the various zoning districts in the FFEAA and suggested that it might be appropriate to include it in the report.

Mr. Jabjiniak asked that Commission Member Blomquist provide staff the specific verbiage that he would like to see incorporated into the document.

Mr. Jabjiniak highlighted the Strengths, Opportunities and Barriers to Success section of the document. (See Pages 12 and 13 of Attachment 1)

Commission Member Blomquist stated that with respect to 3. Opportunities and Untapped Growth Sectors, he reiterated that the demographics suggest a large number of business owners and executives live in the area, but conduct their operations elsewhere.

Commission Member Roy commented that with respect to 4. Potential Barriers to Success, there is a perception that the City is more interested in growing the Phoenix-Mesa Gateway area rather than the Falcon Field area. She said that she is unaware of any City employee who has a job title associated with Falcon Field. She stated that she would like her comments to be reflected under this category.

Commission Member Blomquist concurred with Commission Member Roy's comments. He explained that during his meeting yesterday with the Mayor and several Councilmembers, they stressed the importance of the City dedicating a contact person for the FFEAA.

Chairman Adams responded that such concerns are addressed in the strategies.

Commission Member Blomquist recommended language to be included under 4 Potential Barriers to Success, as follows: "There is no clear business plan for what a business can expect."

Commission Member Shill commented that one of the issues that emerged from last week's meeting was the importance of the City creating a marketing document that describes everything that the City offers, such as zoning options and various incentives.

Ms. O'Donnell clarified that Commission Member Shill's suggestion is addressed in the draft document under the section titled Branding and Marketing. (See Pages 22 and 23 of Attachment 1)

Chairman Adams stated that it was the consensus of the Commission that staff move forward with the proposed additions to Pages 12 and 13.

Ms. O'Donnell reported that concerning the Target Industries for FFEAA (See Pages 14 through 17 of Attachment 1), she modified the verbiage with respect to Primary Target and Secondary Target Industries. She indicated that the primary focal points include aerospace/aviation and defense and advanced business services, with the secondary target industry focusing on tourism.

Commission Member Blomquist referred to Page 15, Advanced Business Services, and highlighted the first sentence as follows: "As one of the largest existing industry clusters with the FFEAA and with an ample supply of existing office/flex buildings .." He pointed out that there is not an ample supply of existing office/flex buildings in the area.

Mr. Jabjiniak concurred with Commission Member Blomquist's statement.

Commission Member Shill remarked that early on in this process, the Commission discussed the potential of focusing on the supply chain of the existing aerospace and defense industry businesses in the FFEAA. He noted that there were conflicting opinions in this regard and inquired if it was necessary for the report to include additional language to address that matter.

Commission Member Blomquist expressed concern relative to focusing on the aviation industry in the FFEAA, which may be in competition with the Phoenix-Mesa Gateway area.

Mr. Jabjiniak responded that the FFEAA and Gateway are two different segments of the market and noted that the market is changing. He stated that Mesa has always been a strong market with respect to aerospace/aviation and defense industry companies and stressed the importance of focusing more closely on the growth sectors.

Mr. Rigby remarked that at a previous meeting, Commission Member Kitchen spoke regarding the innovations occurring not only at Boeing and MD Helicopters, but also through their suppliers. He referenced a sentence on Page 14, Aerospace/Aviation & Defense, which reads as follows: “.. the City should be working with these businesses to better understand the significant innovations that are taking place in the industry and opportunities to attract companies that are spurring these innovations.”

Commission Member Blomquist suggested that is where the incentives, which the Commission discussed several meeting ago, would come into play.

Commission Member Blomquist highlighted Page 16, which discusses Advanced Business Services, and referenced a sentence as follows: “This corresponds with the existing supply of existing Office/Flex space within the FFEAA.” He pointed out that the FFEAA does not, in fact, have a supply of existing Office/Flex space.

Commission Member Shill remarked that in light of Commission Member Blomquist’s comments, he would hope that the final report would include a graph that illustrates the existing Office/Flex inventory in the FFEAA.

Chairman Adams clarified that the issue is addressed in the strategies of the draft report.

Ms. O’Donnell reported that the Goals and Strategies and Business Development references remain unchanged from last week’s presentation. (See Page 18 of Attachment 1) She explained that on Page 19, under Strategies, staff added item a, which reads as follows: “Identify staff within the City of Mesa Office of Economic Development to focus on achieving the goals and objectives outlined in the document.”

Mr. Jabjiniak clarified that he does not intend to hire someone to fill this role, but will select an existing staff member whose primary responsibilities will be to focus on the FFEAA.

Ms. O’Donnell further commented that under Strategy b, she added verbiage that the methods, programs or incentives to spur development within the FFEAA would be accessible to new and existing businesses.

Mr. Jabjiniak indicated it would also include flexible zoning and overlays.

Commission Member Blomquist commented that was not sufficient enough.

Mr. Jabjiniak responded that last week, Planning Director John Wesley reported that there were a tremendous amount of Planned Area Development (PAD) overlays that already exist in the

FFEAA. He stated that the City would like to get to the point of flexible zoning, but questioned how that can be put into a document to reflect what it would look like for the entire area.

Commission Member Blomquist stated that the problem with such a scenario is that without the Commission giving direction to the Council, they would be no better off than they are now.

Chairman Adams remarked that if staff is directed to examine and implement, that would be the next step in the process. He commented that as Chairman of the Commission, his directive has been for the Commission Members to draft a document "from 50,000 feet."

Commission Member Blomquist offered a series of recommendations for his fellow Commission Members to consider as follows: that the City change the Industrial overlay in the FFEAA to an overlay that allows Office/Flex, up to six stories on the freeway, and a signage ordinance that allows signs between 40 and 65 feet on the freeway within certain areas.

Chairman Adams commented that in his opinion, such recommendations are "too far down into the weeds" for the Commission's report.

Commission Member Blomquist stated that is what he intends to submit to the City Council.

Commission Member McBean recounted that the Commission's mandate was a visioning process. She commented that although she is delighted to be involved in the strategy framework, from her point of view, it is 100,000 feet. She suggested that the further detail, execution and how-to process be completed at a later time.

Commission Member Shill remarked that through his service at the Chamber of Commerce, he has heard from business owners for quite some time that it is hard to do business with the City of Mesa. He commented that in speaking with former Mayor Scott Smith, he would respond that many of those issues have been addressed. He stated that one element that seems to be missing, in implementing whatever vision the Commission arrives at, is the ability to communicate to business owners what the City offers, including what zoning is available.

Mr. Jabjiniak responded that seven years ago when he came to the City of Mesa, that was the general perception. He explained that staff has streamlined many of the processes, but noted that unfortunately, many business owners are unaware of those efforts. He added that the marketing and branding strategies will play a role in the creation of a document to apprise the business community of what the City offers.

Ms. O'Donnell clarified that the draft document outlines strategies as opposed to tactics. She explained that she would welcome tactics at a later time, but pointed out that the report is designed to outline the direction in which the City needs to go and what it is attempting to accomplish with respect to the FFEAA.

Chairman Adams thanked Ms. O'Donnell for her comments. He stated that there was a difference of opinion between the Commission Members and noted that Commission Member Blomquist will issue his recommendations in his dissenting report.

Commission Member Shill remarked that the one point that is consistent with the Commission's visioning is that it wants the City to publish a document that shows what the City offers to

businesses and developers. He commented that the Commission should recommend that such a document be created, but not necessarily go into great detail with respect to what it should encompass.

Ms. O'Donnell continued with her presentation regarding Page 19 and stated that additional information was included relative to a timeline, resources, budget and a source of funds. She stated that it was the opinion of staff that it was critical to identify what resources, if any, would be needed and who would be responsible as it relates to the execution of the strategies.

Mr. Jabjiniak provided a short synopsis of Objective 2, Business retention and expansion (See Pages 19 and 20 of Attachment 1), which would provide assistance to the existing FFEAA businesses. He explained that one staff member has been assigned to the program, with the goal of meeting with 60 companies in three months. He also briefly highlighted the three tiers of the program.

Commission Member Blomquist suggested that the dedicated staff member be given the direction to go throughout metro Phoenix to encourage businesses to locate to the FFEAA.

Mr. Jabjiniak responded that from a public perception, he would not encourage "poaching" from Tempe or Chandler. He explained that if a business approaches the City, staff will talk with them, but will not chase after the company.

Ms. O'Donnell discussed Objective 3, Product development (See Pages 20 and 21 of Attachment 1) and stated that Strategies e and f have been added to the draft report.

Commission Member Blomquist remarked that the Commission has not really discussed the economics of Falcon Field Airport and noted that his comments are not related to landing fees. He explained that there are "seismic changes" going on in the industry at the revenue level, as well as the flight level. He stated that in speaking with Falcon Field Airport Director Corrine Nystrom, there are various projects scheduled at the site, the costs of which are projected on an annual basis and cannot be derived from existing revenues. He noted that in the past, the airport has relied on Federal Aviation Administration (FAA) grants to fund such projects.

Commission Member Blomquist commented that it was important for the City to know how to access federal funds now in order to pay for continued improvements at Falcon Field Airport. He pointed out that there are practices at the airport, such as those related to the ground leases, that can impact the revenue stream for the airport in order to help it be more self-sufficient.

Chairman Adams stated that the Commission was not asked to consider the financing of Falcon Field Airport and associated matters. He reiterated that as Chairman, he was asked to conduct the meetings "at a high level." He asked that his fellow Commission Members offer their comments in this regard.

Commission Member McBean remarked that with all due respect, it was important for the Commission Members to keep their discussion at a higher level as it relates to the greater Falcon Field area. She noted that just last week, the Commission Members removed a sentence from the draft document that they did not feel fit with respect to that very issue.

Commission Member Shill stated the opinion that Falcon Field Airport is part of the Commission's vision. He also acknowledged that staff continues to examine the economics of the facility and that such efforts should be ongoing.

Commission Member Shill referenced Objective 3, Strategy f (See Page 20 of Attachment 1) and suggested that it be modified to "minimum standards" as opposed to "minimum development standards." He also suggested that staff review Deer Valley Airport's minimum standards document.

Commission Member Blomquist indicated that the current leases at Falcon Field Airport are for 40 years and noted that the FAA allows them for a longer term. He stated that the airport would get more of an investment from a tenant if the person's lease has a longer term. He also commented that the City is "undercutting" the current developers in terms of their lease rates, since they are considerably lower when such leases come up for renewal. He added that these issues must be addressed since the federal government will not continue to "write the checks" that the City is asking for.

Chairman Adams stated that although he does not disagree with Commission Member Blomquist's concerns, in his opinion, the Commission was not charged with focusing on those matters.

Mr. Jabjiniak pointed out that from an operational standpoint, Falcon Field Airport is a self-sufficient enterprise. He explained that with respect to its capital improvements, the airport does rely on FAA grants for funding. He also said that every two years, Ms. Nystrom reviews the lease rates from the adjacent airports to ensure that Falcon Field's remain competitive in the market.

Commission Member Blomquist commented that the current lease terms are artificial and should be increased. He noted, in addition, that the current rates should also be adjusted to levels that are competitive with other airports in the area.

Mr. Jabjiniak continued with his remarks regarding Objective 3 and discussed the possibility of a public/private partnership with respect to a feasibility study for a conceptual Sports Complex in Mesa, as well as a Visitor Profile Study.

Mr. Jabjiniak further discussed Objective 4, Maintaining high quality neighborhoods. (See Page 21 of Attachment 1) He stated that Planning Director John Wesley offered some key strategies that have been incorporated into the report relative to this item.

Ms. O'Donnell highlighted Branding and Marketing (See Page 22 and 23 of Attachment 1) and stated that it was staff's opinion that the brand strategy for the FFEAA should be developed in the next three to six months. She noted that staff endeavors to develop the brand in-house, if possible, and pointed out that it would be costly to hire an outside consultant to do so.

Ms. O'Donnell referred to Objective 2, Create a marketing and communication plan for FFEAA. She outlined Strategy f as follows: "Publish a City of Mesa Development Resource Guide that explains the process for expediting development and construction projects." She stated that is the roadmap that Commission Member Shill discussed earlier. She also commented that with

respect to Resources/Budget, staff anticipates hosting two familiarization tours or executive tours for brokers and developers.

Ms. O'Donnell offered a short synopsis of the Performance Measures and inquired if the Commission Members believed they were adequate. She stated that in some cases, it was necessary for staff to establish a benchmark. She cited, by way of example, that while one of the measures is to increase the number of leads, staff first needs to track the number of leads for the area.

Mr. Jabjiniak stated that he would anticipate that the final report will be completed by the close of business on Thursday, August 14, 2014. He noted that once the Commission Members review the final document, staff would seek their approval so that it could be forwarded on to the City Council for discussion and consideration.

Commission Member Roy commented that this was her final meeting and thanked her fellow Commission Members and staff for their efforts and hard work. She explained that her business has been located at Falcon Field for 18 years and stated that it has been a pleasure to participate in the visioning process for the FFEAA. She also indicated that it has been sad to see the buildings in the area deteriorate and the companies not achieve success due to a lack of visibility and marketing.

Commission Member Roy, in addition, acknowledged that the Phoenix-Mesa Gateway area has received worldwide attention and stated that she would hope that the FFEAA would receive similar recognition. She further remarked that it has been somewhat disappointing that it has taken so long for the City to recognize the challenges that the Falcon Field area has experienced, but added that she was confident that the situation would be remedied.

Chairman Adams expressed appreciation to Commission Member Roy for her participation and wished her well.

### 3. Items from Citizens Present.

Sherry Eklund, owner of Desert View Area Photography, referred to Page 12 of the draft document reviewed by the Commission Members at their August 6, 2014 meeting. She cited the following: "Strengths, Challenges, Opportunities and Barriers to Success, 4. Potential Barriers to Success, m. Flight school operations may conflict with best uses for Falcon Field Airport."

Ms. Eklund commented that she did not understand how a flight school and Falcon Field Airport do not go hand in hand; how a flight school cannot be a good use at an airport; and how a very successful business on the airport is a barrier to success in the Falcon Field area. She asked that the item be stricken from the report. (Note: This item was not included in the draft report that was reviewed by the Commission Members today.)

### 4. Other Business.

- Next Meeting:

Chairman Adams stated that the next meeting of the Falcon Strategic Visioning Commission will be held on Wednesday, August 20, 2014, 7:30 a.m., at Visit Mesa.

5. Adjournment.

Without objection, the Falcon Strategic Visioning Commission meeting adjourned at 9:02 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Falcon Strategic Visioning Commission meeting of the City of Mesa, Arizona, held on the 12<sup>th</sup> day of August, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

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DEE ANN MICKELSEN, CITY CLERK

abg/pag  
(attachments -2)

**Mesa, Arizona**  
**Falcon Field Economic Activity Area**  
**Strategic Vision**  
**&**  
**Planning Document**

**DRAFT**

**Falcon Field Strategic Vision Commission**

**FOR DISCUSSION PURPOSES ONLY**

**August 2014**

**Table of Contents - ORDER HAS YET TO BE DETERMINED**

<b>Objective</b>	<b>3</b>
<b>Strategic Vision</b>	<b>3</b>
<b>Falcon Field Economic Activity Area (FFEAA)</b>	<b>3</b>
<b>FFEAA Business and Industry Profile</b>	<b>4</b>
<b>FFEAA Employment</b>	
<b>Available Space for Development</b>	
<b>Falcon Field Economic Activity Area Map: Geographical Boundaries</b>	
<b>Market Overview</b>	
<b>Demographics: City of Mesa &amp; Falcon Field Economic Activity Area</b>	
<b>Breakdown of GPEC/ACA E Track Submissions with FFEAA Properties/Buildings</b>	
<b>Strengths, Challenges, Opportunities, Untapped Growth Sectors and Barriers to Success</b>	
<b>Target Industries for FFEAA</b>	
<b>Goals and Strategies</b>	
<b>Appendix</b>	
<b>Demographic Profile</b>	
<b>City of Mesa Industrial and Flex Space Summary</b>	
<b>Falcon Field Economic Activity Area Industrial and Flex Space Summary</b>	
<b>City of Mesa Office Space Summary</b>	
<b>Falcon Field Economic Activity Area Office Space Summary</b>	

## Falcon Field Economic Activity Area

### Strategic Vision

#### Objective

The Falcon Field Economic Activity Area (FFEAA) Strategic Vision process is a concerted effort to establish a strategic economic development direction for the Airport and surrounding non-residential area in Northeast Mesa to guide future development efforts. The visioning process will generate a strategy critical to providing a course of action to support and retain existing on- and off-airport businesses, attract new businesses that provide high-quality\* jobs to the Falcon Field Economic Activity Area and to protect it from residential pressure and encroachment. Basic analysis of Mesa's strengths, weaknesses, and opportunities, as well as an examination of untapped growth sectors and external barriers to success will frame the strategy.

*\*A high-quality job is defined as a full-time equivalent position that pays an annual wage at or above 125% of the annual median wage (\$35,275) for Maricopa County, or \$44,094 (2013).*

#### **Strategic Vision**

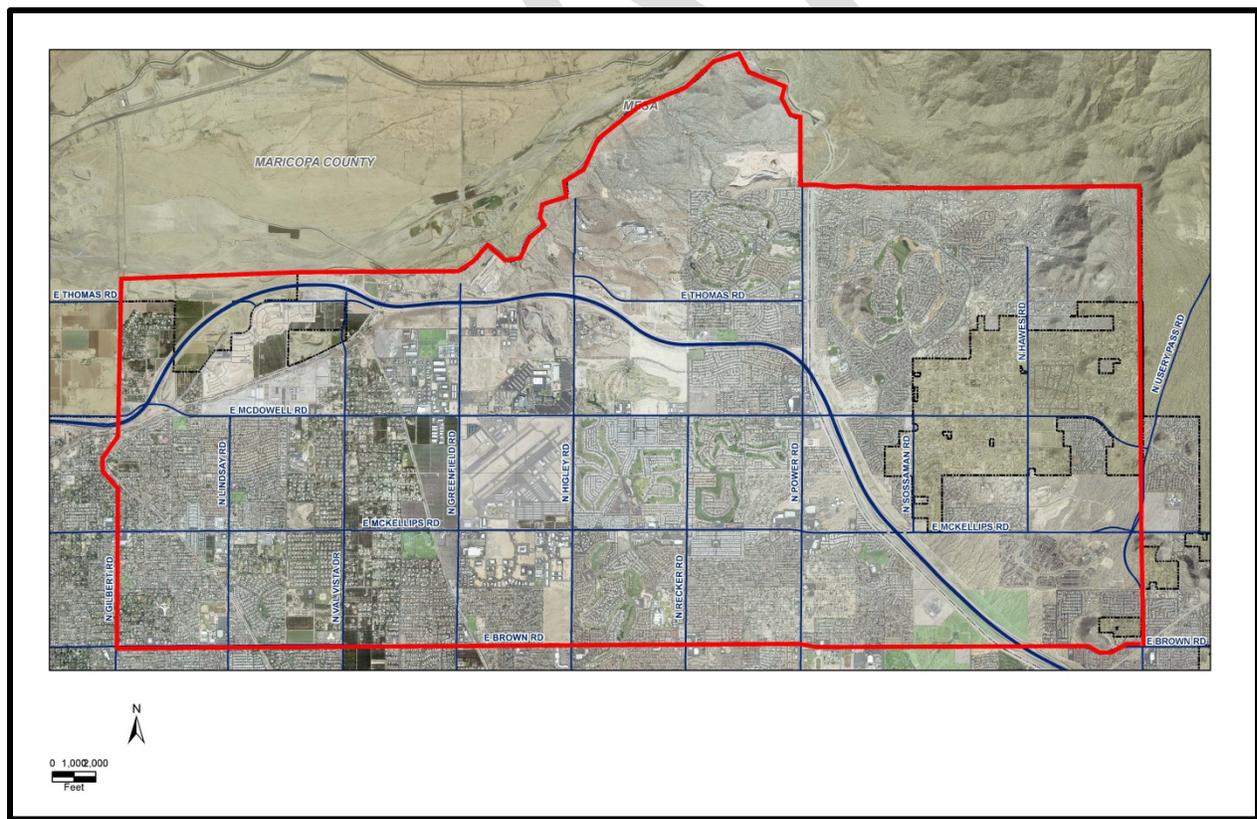
*The Falcon Field Economic Activity Area (FFEAA) will be recognized locally and nationally as a vibrant aerospace, aviation, and defense hub – a premier location for companies in industry sectors seeking a highly attractive, competitive operating environment in which to grow. Anchored by a city-owned general aviation airport, boasting a high-tech workforce, knowledge-based company decision-makers will regard Falcon as a thriving destination for growing their business, set against the beautiful backdrop of Red Mountain.*

## Falcon Field Economic Activity Area (FFEAA)

The FFEAA is in the Northeast corner of the City of Mesa, 18 miles east of Phoenix Sky Harbor International Airport. The 35+/- square mile area is bordered on the north by the Salt River and State, tribal and federal lands; on the south by Brown Road and is bisected by the SR 202 Freeway. The Area's western border is Gilbert Road and the eastern boundary is Ellsworth Road.

The largest single ownership of the area is the former US and British fighter pilot training airfield, Falcon Field Airport. The City-owned airport encompasses approximately 800 acres of airfield and airfield support property. As the fourth busiest general aviation airport in the United States, the airport serves both small (less than 10 employees) businesses and international aviation companies and defense contractors such as Boeing, MD Helicopters, Nammo Talley, and Timken that together employ more than 5,000 people. The Airport is home to approximately 100 businesses that focus primarily on business activities related to aviation.

**Falcon Field Economic Activity Area (FFEAA) outlined in red.**



## FFEAA Business and Industry Profile

The entire Falcon Field Economic Activity Area (FFEAA) is home to 18,947 employees and 671 companies in numerous industries. See Chart A for details. The categories are pre-determined industry clusters created by Maricopa Association of Government (MAG) to group similar businesses together. From an employee perspective, the High Tech Manufacturing & Development cluster employs the greatest amount of people at 30.1% of total FFEAA employment despite representing only 2.8% of the total companies. Therefore, the amount of employment is much denser for this industry cluster than in areas such as Retail or Consumer Services. The High Tech Manufacturing & Development cluster includes the major aerospace companies like Boeing, MD Helicopters, Nammo Talley and The Timken Company.

Other larger industries, based on total employees, in the area include Business & Consumer Services (14.5%), Retail (8.9%), Construction (13%), and Transportation & Distribution (7%).

**Chart A:**

<b>Industry Sector</b>	<b># of Employees</b>	<b>% of Total</b>	<b># of Companies</b>	<b>% of Total</b>
Business Svcs	1229	6.49%	88	13.11%
Construction	2457	12.97%	129	19.23%
Consumer Goods Manufacturing	159	0.84%	10	1.49%
Consumer Svcs	1517	8.01%	81	12.07%
Education	1265	6.68%	21	3.13%
Finance, Insurance & Real Estate (FIRE)	551	2.91%	42	6.26%
Government, Social & Advocacy Svcs	668	3.53%	50	7.45%
Health Care	767	4.05%	63	9.39%
High Tech Manufacturing & Development	5704	30.11%	19	2.83%
Hospitality, Tourism & Recreation	405	2.14%	18	2.68%
Media, Publishing & Entertainment	35	0.18%	4	0.60%
Metal Inputs & Transport-Rel. Manuf.	339	1.79%	9	1.34%
Non-Metallic Manufacturing	542	2.86%	10	1.49%
Resource-dependent Activities	253	1.34%	12	1.79%
Retail	1687	8.90%	65	9.69%
Telecommunications	17	0.09%	2	0.30%
Transportation & Distribution	1352	7.14%	48	7.15%
	<b>18947</b>		<b>671</b>	

*\*Maricopa Association of Governments Employer Database; Businesses w 5 or greater employees*

## FFEAA Growth from 2007-2013

Growth in Total FFEAA Employment 2007-2013 is flat while growth in total number of FFEAA companies 2007-2013 saw a 12% increase. While some employers dropped down or off the list of Top 10 employers, Boeing gained 839 employees or 21%, and Special Devices grew their workforce by 12%

**Chart B:**

2013		2010		2007	
# of Employees	18,947	# of Employees	19,338	# of Employees	18,943
# of Companies	671	# of Companies	694	# of Companies	601
Top 10 Employers		Top 10 Employers		Top 10 Employers	
Boeing Co	4,800	Boeing Co	4,146	Boeing Co.	3,961
Special Devices Inc	400	Veolia Transportation - Mesa	504	Etelecare Global Solutions	500
Veolia Transportation	375	Special Devices Inc	361	Riggs Plumbing LLC	420
Walmart	331	Walmart	350	Wal-Mart Stores, Inc.	370
Strongfield Trimco Inc	250	Emerson	256	Special Devices, Inc.	356
Nammo Talley Inc	249	Nammo Talley Inc	254	Metric Roofing Inc	350
MD Helicopters	240	Strongfield Trimco Inc	250	Commercial Finance Serv. Inc	300
The Timken Company	161	Creative Human Resources Concepts	237	MD Helicopters	297
Frys Food Stores	130	MD Helicopters	207	Creative Human Resources Concepts	237
Home Depot	113	Epic Plumbing	200	Talley Defense Systems, Inc.	211
<b>Top 10 Total</b>	<b>7,049</b>	<b>Top 10 Total</b>	<b>6,765</b>	<b>Top 10 Total</b>	<b>7,002</b>

*\*Source: MAG: MAG utilizes data from Dunn & Bradstreet, historical data, sampling of companies and community verification. Data reported is for companies employing five or more full-time employees as reported by Dunn & Bradstreet.*

## Market Overview

According to Co-Star, the amount of vacant office space in the City of Mesa as well as the Falcon Field Economic Activity Area (FFEAA) has been steadily decreasing over the past four years while the current vacancy rate of office space in Mesa (16%) is substantially higher than that of FFEAA (11.4%). Similarly the industrial and flex space in the City of Mesa currently has a higher vacancy rate (11.3%) compared to FFEAA (7.3%) while the overall vacancy rate has been decreasing for both areas over the past five years.

The current Rent Price Per SF and Sale Price Per SF for both the City of Mesa and FFEAA are very similar for industrial and flex properties. However, the Gross Rent Per SF in the City of Mesa is more than 7% higher than in FFEAA and the Sales Price Per SF in the City of Mesa is more than 50% higher than in FFEAA. **See Appendix for additional detail, Exhibits 2-5.**

## Demographics:

Below is the City of Mesa demographic profile summary compared to the Falcon Field Economic Activity Area demographic profile summary. Chart C is a high level snapshot of basic demographic categories. A full demographic profile is included in the Appendix of this document.

**Chart C:**

Demographics	Mesa	Falcon Field
Total Population	454,981	61,916
Median Age	35.3	44.1
Median Household Income	\$47,801	\$70,147
Population Earning above \$100,000	14.1%	32.5%
Per Capita Income	\$23,491	\$35,712
Population 25+ by Educational Attainment		
Total	295,652	42,876
High School Graduate	22.4%	17.8%
GED/Alternative Credential	3.9%	2.7%
Some College, No Degree	27.9%	26.9%
Associate Degree	8.4%	9.1%
Bachelor's Degree	16.3%	24.1%
Graduate/Professional Degree	8.2%	14.7%
Employed Population 16+ by Occupation		
Total	191,514	27,298
White Collar	59.1%	71.8%
Management/Business/Financial	12.9%	19.9%
Professional	18.4%	23.8%
Sales	11.7%	13.0%
Administrative Support	16.1%	15.1%
Services	22.2%	15.0%
Blue Collar	18.7%	13.1%
<i>Source: ESRI Community Analyst, July 2014</i>		

## Employees living and working in FFEAA

Percentage working and living in FFEAA compared to employees working in the area that live outside of FFEAA and how far outside the area. \*\*This graph will be added for 2007, 2010 and 2013.

## **Available Space for Development**

The FFEAA encompasses approximately 35 square miles of land. The vast majority is comprised of residential or open space. Non-residential developments are primarily located directly adjacent to Falcon Field Airport or along State Route 202 Red Mountain Freeway.

Please see the Falcon Field Economic Activity Area Development Opportunities map.

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# FALCON FIELD ECONOMIC ACTIVITY AREA

## DEVELOPMENT OPPORTUNITIES



Development Opportunities	Total Acres	Occupied Acres	Vacant Acres	% Vacant
1 Longbow Business Park	313.0	169.0	144.0	52.0%
2 City of Mesa Citrus Sites	216.0	0.0	216.0	100%
3 Falcon Field Airport Sites	205.75	116.85	88.90	43.2%
4 Mesa Commerce Park	117.0	77.0	40.0	34.2%
5 The Commons Industrial Park	107.0	98.0	9.0	8.4%
6 Mesa Intl. Business Center	90.0	18.0	72.0	80.0%
7 Dover Industrial Park	68.0	60.0	18.0	23.0%
8 Falcon Industrial Park I & II	58.0	48.0	10.0	17.2%

## Breakdown of GPEC/ACA Project Submissions with FFEAA Properties/Buildings

The City of Mesa has made a deliberate effort to streamline development processes, update infrastructure and improve marketing efforts for the FFEAA which is likely to explain some of the positive gains in the Area during the recession.

These data may dispel the idea that the Area is disproportionately struggling compared to other areas of the City. Additionally, the City has worked closely with Greater Phoenix Economic Council (GPEC) and the Arizona Commerce Authority to propose multiple sites and properties within the FFEAA for project inquiries.

In fiscal years 2012/2013 and 2013/2014, 40 properties were submitted in the Falcon Field area for 20 E-Tracked Projects from the Arizona Commerce Authority and Greater Phoenix Economic Council. These 20 projects together totaled 5,196 jobs with an average annual wage of \$47,842, \$426.5 million in capital investment, and over 2.3 million in total square footage requirements. Out of these 20 projects, 12 were looking for existing facilities, five were considering existing or build-to-suit, and three were only looking for build-to-suit.

*Note: At "press time", there are still 10 Active projects from the 20 projects to which the City of Mesa responded. An additional five have been Terminated without knowledge of disposition, two are On Hold, two selected other locations out of state and one landed in Scottsdale.*

Chart D:

Falcon Field: Properties Submitted for E-Tracks							
Fiscal Year 2012/2013 - 56 Total E-Tracks							
Name of Project	# Submitted from Falcon Field	Type	Falcon Field Location(s) Submitted	# of Jobs	CapEx	Avg. Wage	Square Footage of Facility
Twelve	2	Existing	3450 N. Higley Rd. Building 1 and Building 2	75	-	\$45,000	25,000
PB	1	BTS	Greenfield Rd. and Loop 202	70	-	\$72,000	-
Sea Change	2	Existing	Falcon Field Airport "East Parcel" and "Orchard Property"	400	-	\$41,000	300,000
Speed	4	Existing	Longbow, Loop 202 & Greenfield, SWC McKellips Rd & Ivy St, SWC Greenfield & McDowell	65	\$500,000	\$48,000	15,000
Spectrum	1	Existing	4310 E. McDowell Rd.	43	-	-	14,000
Radiate	3	Existing	5550 E. McDowell Rd. Building A & B, NWC Greenfield & McDowell	20	\$60,000,000	\$70,000	-
Broadway	3	Existing	4310 E. McDowell Rd., 4738 E. Ingram St., 3110 N Oakland Rd	100	-	-	25,000
Mario	1	Existing	4310 E. McDowell Rd.	100	-	-	30,000
# of Projects w/ FF submission = 8 (14% of E-Tracks in 12/13)	17		<b>FY 12/13 Sub-Totals</b>	<b>873</b>	<b>\$ 60,500,000</b>	<b>\$ 46,563</b>	<b>409,000</b>
Fiscal Year 2013/2014 - 49 Total E-Tracks							
Name of Project	# Submitted from Falcon Field	Type	Falcon Field Location(s) Submitted	# of Jobs	CapEx	Avg. Wage	Square Footage of Facility
Sanus	5	BTS	Longbow, NW Loop 202 & Recker Rd, N. Recker Rd @ McKellips, 3150 N Recker Rd, NE Virginia St & Greenfield	471	\$35,000,000	\$47,291	350,000
Powder	2	Existing or BTS	NEC Higley & Thomas Rd, NEC Virginia St. & Greenfield Rd	42	\$61,000,000	\$66,000	115,000
Northsight	2	Existing	4738 E. Ingram, 4151 E Quartz Cir	55	\$5,000,000	\$45,000	40,000

<b>Auto</b>	3	BTS	Longbow, Greenfield Rd. & 202, SWC Val Vista Dr. & 202	200	-	\$32,000	200,000
<b>H2</b>	3	Existing or BTS	Longbow, NWC Recker & McDowell, NWC Greenfield Rd. @ McDowell	1	-	\$40,000	15,000
<b>Bliss</b>	1	Existing	3130 N. Oakland	90	-	\$33,000	25,000
<b>Falcon</b>	2	Existing	1850 N Higley Rd, 1918 N Higley Rd	50	\$2,000,000	\$40,000	-
<b>Technica</b>	1	Existing	4738 E. Ingram	30	\$1,500,000	\$60,000	25,000
<b>Knock #1</b>	1	Existing or BTS	Longbow	1,800	\$159,000,000	\$45,000	530,000
<b>Knock #2</b>	1	Existing or BTS	Longbow	750	\$68,000,000	\$42,000	227,000
<b>Nightingale</b>	1	Existing or BTS	Longbow	709	\$27,000,000	\$75,000	300,000
<b>Amped</b>	1	Existing	Greenfield Rd. & 202	125	\$7,500,000	\$45,000	100,000
<b># of Projects w/ FF submission = 12 (25% of E-Tracks in 13/14)</b>	<b>23</b>		<b>FF 13/14 Sub-Totals</b>	<b>4,323</b>	<b>\$ 366,000,000</b>	<b>\$ 49,121</b>	<b>1,927,000</b>
<b>Total # of Projects w/ FF submission = 20 (19% of E-Tracks in 12/13 &amp; 13/14)</b>	<b>40</b>		<b>Two Year Total</b>	<b>5,196</b>	<b>\$ 426,500,000</b>	<b>\$ 47,842</b>	<b>2,336,000</b>
Note: A "-" signifies that the specific metric/number was never provided by the client, and is thus, not included in the calculations							
Highlighted Project = Still Active							

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## Strengths, Challenges, Opportunities, and Barriers to Success

An important part of any strategic planning exercise is assessing and understanding an area's strengths, challenges, opportunities, and barriers to growth. Strengths and Challenges represent internal factors that exist within a community. Opportunities and Potential Barriers represent external elements that can impact a community.

The following represents the results of this competitive analysis for FFEAA:

### 1. Strengths

- a. Available industrial, flex, and office zoned property
- b. With more than 260,000 flight operations annually, Falcon Field is the fourth most active general aviation airport in the U. S. and second in the Phoenix metro area. (Source: Federal Aviation Administration (FAA) Air Traffic Activity Data System (ATADS).
- c. Large number of privately-owned aircraft
- d. Airport is self-sustaining financially, only outside funding is from Az Dept of Transportation and FAA
- e. Large aerospace / defense manufacturers anchored at Falcon Field Airport employing more than 5,000 people (Boeing and MD Helicopters)
- f. Freeway access
- g. Robust infrastructure (water, wastewater, gas & power)
- h. City motivated to attract business, a proven "can do" attitude and approach in City of Mesa leadership to Economic Development (facilitate, not regulate)
- i. Successes with HEAT initiatives
- j. Reverse commute traffic pattern
- k. Close proximity to local recreational areas

### 2. Challenges

- a. Perceived air traffic congestion
- b. Lack of defined value proposition, key differentiators which are critical to the visioning process and to developer actionable market strategy
- c. Perceived lack of commitment to existing Falcon Field aviation and non-aviation businesses
- d. Very low knowledge and recognition of area by the brokerage and development communities
- e. Office, industrial and flex land values and rents are higher than comps in Scottsdale, North Phoenix, Goodyear, and others. Cost of land and leases not competitive for our market

- f. Capital improvement funds are often from the federal government and are sometimes cumbersome to administer
- g. Need to define and understand scalability, sustainability factors
- h. Fiber infrastructure needs to be improved

### **3. Opportunities and Untapped Growth Sectors**

- a. Attractive demographic with household incomes higher than other Mesa households.
- b. Numerous potential partners to cultivate, existing and new, to assist in quality development (existing area businesses, land and building owners, development and brokerage community, ACA, etc.)
- c. Desirable access to recreation areas (rivers, lakes, mountains), connections to trails / parks
- d. Boeing, MD Helicopters, Nammo Talley
- e. City control of zoning, permitting, and regulatory reform authority
- f. Development of on-airport business opportunities
- g. Promotion of private aviation activities
- h. Hospitality, golf, sports and recreation
- i. Existing Southeast Valley user community

### **4. Potential Barriers to Success**

- a. Limited freeway visibility and signage
- b. Escalating costs of aircraft ownership (fuel, operation and maintenance)
- c. Residential development near the Airport
- d. Limited "service delivery area" (50% of border is State, Tribal Community and Federal lands)
- e. Limited number of large sized parcels available for development
- f. Defense and aerospace industry retraction, Department of Defense spending reductions will affect some major employers
- g. Office, industrial, and flex land values and rents
- h. Type and size of existing commercial building inventory
- i. Close proximity to other airports
- j. Fragmented City approach to regulatory issues and airport development
- k. Lack of City commitment to airport marketing and sustainability
- l. No "Sense of Place" or strong identity for the area
- m. Falcon Field Airport will need to consider maximized balance of operations between general aviation and educational institutions.

## Target Industries for FFEAA

For the past several years, the City of Mesa's overall Economic Development priorities have been guided by Mesa's industries of opportunity: Healthcare; Education; Aerospace; and Technology/Tourism (HEAT). These five distinct industry sectors were selected based on Mesa's assets of available land, workforce, utilities, airports and existing businesses. The City Council and staff continue to prioritize these sectors throughout all of Mesa, including the Falcon Field Economic Activity Area.

Under the direction and guidance of the Commission, staff, working with input and data from the Greater Phoenix Economic Council and Arizona Commerce Authority, staff identified **two** specific industry sectors including Aerospace/Aviation & Defense and Advanced Business Services that present better than average opportunities to attract new investment. Tourism is identified as a potential secondary target industry with potential.

### Primary Target Industries

#### Aerospace/Aviation & Defense

With the nation's fourth busiest general aviation airport and major Aerospace/Aviation and Defense companies such as Boeing, MD Helicopters, ATK, CAE, Timken, Nammo Talley and Special Devices, employing more than 5,500 full time employees, already in and around Falcon Field Airport and emerging companies such as Geco, Inc. and Phoenix Heliparts, the Aerospace/Aviation & Defense sector should be a primary industry to continue to be a dominate industry cluster for the FFEAA. Several members of the Commission have recommended that in addition to developing a closer relationship with the City's existing Aerospace and Defense businesses to ensure their retention and future expansions, the City should be working with these businesses to better understand the significant innovations that are taking place in the industry and opportunities to attract companies that are spurring these innovations. Aerospace/Aviation & Defense business retention and expansion efforts by the City and its partners, as well as the development of an innovative incentive program specifically targeting this sector at the Airport, should be a significant and constant effort to help search out and attract these innovation types of A/A&E industries.

In addition, the City should foster connections between the aviation and the educational community to build a consistent pipeline of professional and skilled workforce. To support this, the City may need to explore creating specific programs and or incentives for aviation-related businesses who invest in or adjacent to, Falcon Field Airport to help improve the competitiveness of the Area.

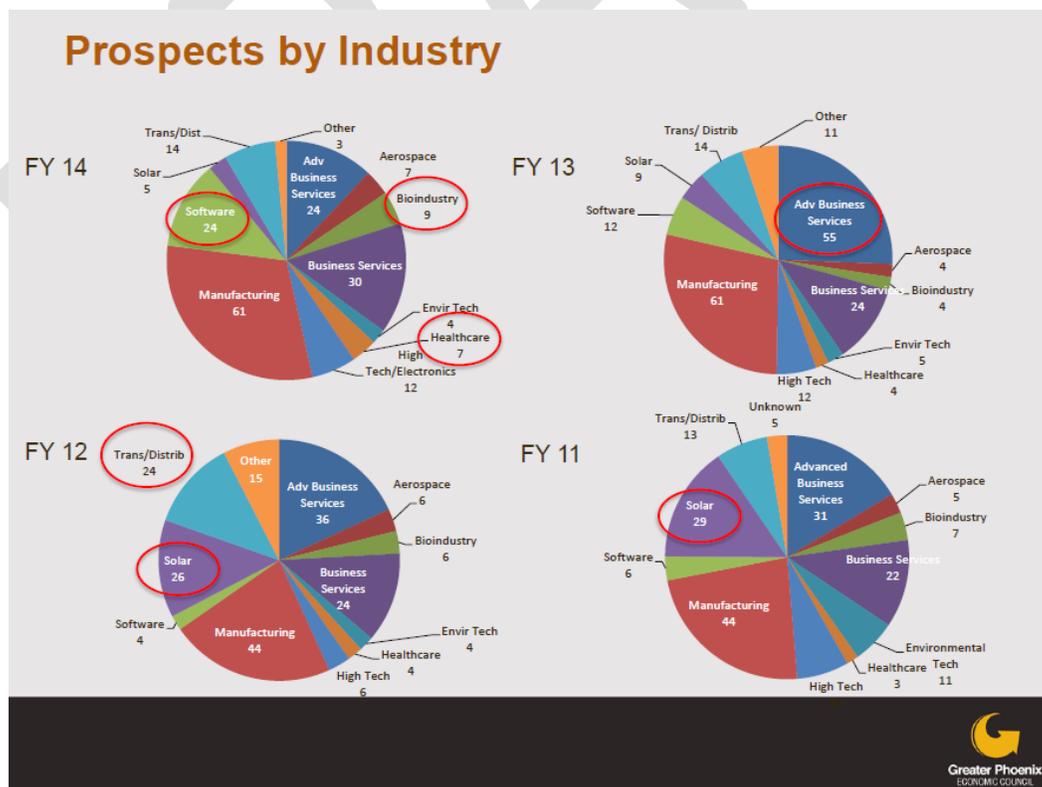
## Advanced Business Services

As one of the largest existing industry clusters with the FFEAA and with an ample supply of existing office/flex buildings and several green field sites suitable for new office campuses adjacent to the Loop 202 freeway, the Advanced Business Services cluster matches up well Falcon Field Economic Activity Area.

Advanced Business Services or ABS generally encompass enterprises that:

- derive most of their sales from business clients;
- provide product development and / or cost management solutions which are specifically tailored to the needs of clients;
- apply a high degree of creativity and intellectual expertise in delivering these solutions; and
- act as the **primary provider** of intellectual content as opposed to agents for other corporations providing pre-designed goods and services.

Examples of advanced business services businesses include banking, financial services, data centers, back office centers, consulting firms, accounting, mortgage, payroll processing, as well as software research, development and support to name just a few. The Greater Phoenix Economic Council's recent analysis breaking down the types of industry prospects demonstrate that Advanced Businesses Services and Business Services combined has comprised the largest segments of the prospects requesting GPEC's site selection services over the past several years.



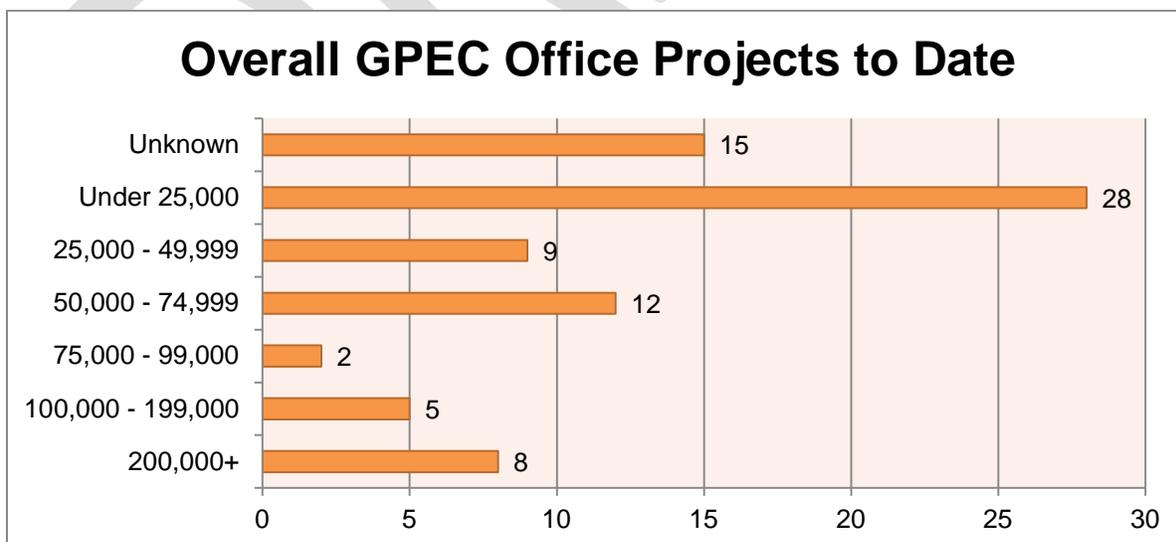
In the specific case of the FFEAA, ABS aligns well with Falcon’s strong infrastructure base of water, wastewater, fully improved streets, redundant electric grid, freeway access, and ample supply of existing office and flex buildings. According to GPEC’s Business Development Trends analysis of Office users, which is largely the type of facilities that ABS businesses utilize, both office prospects and their request for existing building options are up.

Further analysis demonstrates while some office prospects require more than 100,000 sq. ft. of space, the majority of these users require less than 75,000 sq. ft. Furthermore, the largest segment of Office prospects are users seeking space ranging from under 25,000 sq. ft. to 50,000 sq. ft.. This corresponds with the existing supply of existing Office/Flex space within the FFEAA. Combining all these existing attributes and assets of the FFEAA, the upward trending within the Office and Advanced Business Service sector, and the forthcoming effort to rebrand and aggressively market the FFEAA, the FFEAA will have an above average opportunity to attract Advanced Business Services businesses.

### Business Development Trends – Office

#### Data from Greater Phoenix Economic Council – July 2014

- 93% of prospects are requesting existing buildings
  - Up from a three-year average of 85%
- Office prospects are up 6% over last year



## Secondary Target Industry

### Tourism

The FFEAA is both home and gateway to many outdoor activities such as hiking, mountain biking, climbing in the City parks as well as the adjacent mountain areas. It is suspected that thousands of Arizona residents fish, kayak, tube and paddleboard the Salt River, as well as boat, ski, and wakeboard on nearby lakes. The clear economic impact however, is not yet known and has not been studied.

Coordinated efforts should be made by the City, the Mesa Chamber of Commerce, Visit Mesa and other organizations to first assess the market potential and then try to capture a greater percentage of these travelers as they utilize Mesa's unique amenities in the desert. With year-round access to lakes, rivers, and parks, assuming the market would support it, effort could be made to attract outfitters and sporting equipment manufacturers and retailers.

In addition to activities using the natural features of the area, the City should work to promote Sport Tourism, utilizing existing parks: Quail Run, Gene Autry and Red Mountain as well as planned park sites and other open space areas such as the City's extensive orange groves as prime locations. These sporting complexes can attract events and tournaments subsequently driving hotel bookings, development and retail/restaurant activity. This will elevate Mesa as a regional and national sports recreation destination and infuse the area with new dollars from outside the region.

Examples of destination facilities include Disney's Wide World of Sport Complex in Tampa, a 100-acre campus that offers multiple indoor and outdoor sporting opportunities, and Foley Sports Complex (under construction), North Myrtle Beach which will feature local and regional sporting events. A greater emphasis should be placed on connecting recreational facilities with paths and greenbelts and other off-street access.

## FALCON FIELD ECONOMIC ACTIVITY AREA

### STRATEGIC PLAN

**DRAFT --- AUGUST 2014 --- DRAFT**

#### GOALS AND STRATEGIES

To execute the mission, the Commission has outlined goals and objectives for consideration by Mesa City Council to establish the City's strategic direction for economic development within the FFEAA.

The recommendation from the Commission discusses two distinct components, or strategies (campaigns), for accomplishing the mission: **Business Development and Branding and Marketing**. The first goal is **to create and retain quality jobs in FFEAA** and requires a three-prong approach: attracting new business; retaining and expanding existing businesses; and product development. Product development for purposes of this document, includes research, analysis and planning to identify feasible opportunities to pursue for tourism and commercial development that would yield an attractive return on investment. Ideally, over the three months, a business development plan would be created and execution would begin. The business development plan would be a three-five year effort with annual performance measures and key milestones to identify success.

The second component, to run concurrently with the first outlined above, involves a **concerted effort in promoting** the Falcon Field Economic Activity Area (FFEAA). Marketing and branding efforts for FFEAA need to be prioritized during the current fiscal year. FFEAA has quality assets in key industries and a detailed plan on how to distribute the message is needed immediately. There is also a large contingent in the development and brokerage community that is relatively unaware of the benefits of locating in the FFEAA. With targeted and strategic promotion, the visibility of FFEAA could be raised substantially.

#### BUSINESS DEVELOPMENT

##### Goal 1. Create and Retain Quality Jobs

**To attract, grow and retain high quality jobs, increase capital investment, expand the tax base, and diversify industries in the FFEAA.**

##### Objective 1:

Business attraction. Generate quality leads of businesses exploring relocation or expansion opportunities.

**Strategies:**

- a) Identify staff within the City of Mesa Office of Economic Development to focus on achieving the goals and objectives outlined in the document.
- b) Direct City staff to examine and implement methods, programs or incentives to spur development within the Area which may include creation of new tools (financial resources, self-certification, flexible zoning and/or overlays, signage, evaluating lease terms and airport fees, non-traditional resources) *\*These programs would be accessible to new and existing businesses.*
- c) Develop and implement a program to market to major commercial brokerage institutions in the Phoenix-Mesa area to educate them about the opportunity and or available buildings/properties within the FFEAA.
- d) Respond strategically to leads from the Greater Phoenix Economic Council (GPEC), Arizona Commerce Authority (ACA), as well as leads from other partners.
- e) Market new and/or existing business assistance programs including Foreign Trade Zone, expedited or Self-Certified plan review and permitting, and customized solutions (build-to-suit/lease), etc., to decision-makers in key industries.
- f) Work with partners to create strategies and winning solutions for project proposals to the Arizona Commerce Authority, GPEC, brokerage inquiries, etc.
- g) Build relationships with key site selection professionals and commercial real estate brokers in an effort to increase direct lead generation.
- h) Work with existing land and building owners to cooperatively market (CoStar service), brand and price their land and facilities accordingly.
- i) Prioritize “game changer tenants” companies and develop a plan to pursue them.
- j) Develop a strategy and timeline to address fiber infrastructure opportunities.

**Supporting Tactics May Include:**

- a) City staff to inventory relevant buildings/land for business attraction efforts in the industries of opportunity within the FFEAA. CoStar represents a portion of the available land and buildings in FFEAA.
- b) Facilitating regular conference calls, monthly meetings, or other forums, with key sales and marketing partners.

**Timeline:**

3-12 months

**Resources / Budget / Source of funds:**

City of Mesa Office of Economic Development staff – reallocation of priorities and resources

**Objective 2.**

Business retention and expansion.

**Strategies:**

- a) Provide assistance to existing FFEAA companies to ensure their continued health and aid in their ability to grow and thrive in the community by providing technical assistance and expertise on subjects such as expansion options, permitting guidance, financing options, etc.
- b) Identify needs of existing area businesses that improve their ability to recruit and retain employees such as convenient / affordable housing for employees, support businesses for the companies, hotels, retail, etc. plus training and education support for employees.
- c) Aggressively implement Mesa's Business Retention & Expansion (BRE) program with partners, including the Chamber of Commerce, to identify and meet with companies. Utilize the data to assist in retaining and expanding businesses.

**Timeline:**

Ongoing

**Resources / Budget / Source of funds:**

Already executing in City of Mesa OED scope of services.

**Objective 3.**

Product development. Identify feasible opportunities for tourism and commercial development that yields return on investment for the FFEAA.

**Strategies:**

- a) Conduct a feasibility study to determine the economic potential of Red Mountain Park and or the City orange groves into a City-owned and operated "Mega Sports Complex".
- b) Conduct a Visitor Profile study to determine the potential of subsector markets in the tourism industry (cultural traveler, youth sports, outdoor adventurer, culinary arts, etc.) and the potential opportunity to build product in FFEAA to maximize the opportunity those travelers may provide Mesa.
- c) Work closely with Visit Mesa to identify synergies between tourism and economic development agencies to maximize resources and increase awareness of FFEAA as a business and travel destination.
- d) Leverage City of Mesa-owned real estate and utilities within the FFEAA to add value to city site proposals and packages. Consider creating P3 partnerships to develop spec office space.
- e) Direct city staff to identify redevelopment opportunities with recommendations for creative uses. Develop streamlined processes to make sites more productive and attractive. May consider focusing on smaller companies for infill / redevelopment projects.
- f) Consider adopting minimum development standards for commercial on-airport businesses.

**Timeline:**

3-12 months

**Resources / Budget / Source of funds:**

Feasibility Study for Sports Complex: \$75,000 – public / private partnership

Visitor Profile Study: \$75,000 – public / private partnership

**Objective 4.**

Maintaining high quality neighborhoods.

**Strategies:**

- a) Focus on what is needed to continue to attract and maintain the neighborhoods, retail/restaurants, recreational/cultural amenities, etc. that will sustain FFEAA.
- b) Examine and improve where appropriate the area infrastructure to support existing, growing, and new businesses and technologies, as well as improvements that would add to the quality of life for residents in FFEAA. Inventory and assess amenities and infrastructure including streets, trails, entry points, facades, etc.
- c) Identify areas to develop additional greenbelts and pathways to connect public spaces within Northeast Mesa.

**Timeline:**

3-12 mths

**Resources / Budget / Source of funds:**

To be determined.

**Performance Measures / Defining Success / Deliverables:**

- Increase the number of quality, high-wage jobs created in FFEAA by 5 percent or 950 jobs, over the next three years.
- Attract \$25 million capital investment through new attractions and existing expansions in FFEAA over the next three years.
- FFEAA will have an Annual Report highlighting progress and accomplishments.

## **BRANDING AND MARKETING**

**Goal 1. Increase awareness, drive interest and increase leads from businesses in targeted sectors for site location in the Falcon Field Economic Activity Area (FFEAA).**

### **Objective 1:**

Create a brand strategy for FFEAA.

#### **Strategies:**

- a) Develop a new brand for FFEAA.
- b) City staff to coordinate a stakeholder committee of residents, business representatives, and other community members, to work on the brand and participate in creating the new FFEAA brand pillars, messaging, positioning statement/value proposition, etc.
- c) City staff to lead this effort and coordinate resources and stakeholder participation.

#### **Timeline:**

3-6 mths

#### **Resources / Budget:**

Brand development and strategy – to be developed internally by City staff or if outside consultant is used: \$75,000

### **Objective 2:**

Create a marketing and communications plan for FFEAA.

#### **Strategies:**

- a) In concert with the branding process, develop a marketing plan identifying target audiences, target industries and measurable performance indicators.
- b) Develop and implement a consistent and cohesive marketing strategy, aimed at local, national and international target audiences (including site selectors and company executives), that establishes the FFEAA as well as Falcon Field Airport as a desirable location for investment by targeted, high skill industries.
- c) Educate target audiences on the value of FFEAA on the media, residents, businesses, economic development partners, and decision-makers.
- d) Incorporate specifics of the FFEAA brand value proposition into the City of Mesa Economic Development “Road Show” promoting city services, business resources (P&Z) and signature projects and make presentations at various conferences held locally, regionally, and nationally to reach the target audiences including brokers, site selectors, real estate consultants, company decision-makers, and other related professionals.
- e) Work with partners to shape the FFEAA as an attractive opportunity for

- development – participating in FFEAA improvement projects, marketing land and buildings, existing business mix, workforce, infrastructure improvements, etc.
- f) Publish a City of Mesa Development Resource Guide that explains the process for expediting development and construction projects.
  - g) Collaborate with state, regional and local business development organizations such as Arizona Commerce Authority, GPEC, Arizona Technology Council, local arts and culture community, and others, to improve Mesa’s profile as a top tier destination to live, work and build a business.
  - h) Work with Chamber of Commerce, Visit Mesa and East Valley Partnership and other community partners to promote the FFEAA. Identify and coordinate “who” will be doing “what” as part of the Marketing / Communication strategy and outreach efforts.

**Timeline:**

3-9 mths

**Resources / Budget:**

Advertising / Public Relations / Promotions - \$50,000 – public / private partnership  
Familiarization Tours (2) - \$10,000

**Performance Measures / Defining Success / Deliverables:**

- FFEAA will have a clearly defined value proposition, key differentiators and brand supporting an economic development “actionable market strategy”.
- Create appropriate targets for key performance measures for years 1-5.
- Increased earned local and national media.
- Conduct two broker/developer familiarization tours of the Area per year.
- Increase in lead generation year over year.
- Track conversion rate of leads to locates to establish a baseline.
- Identify Mesa’s Office of Economic Development as the prime point of contact for businesses.

**Budget Summary**

- City of Mesa OED staff – reallocation of priorities and existing resources
- Feasibility Study for Sports Complex: \$75,000 – public / private partnership
- Visitor Profile Study: \$75,000 – public / private partnership
- Brand development and strategy – maximum of \$75,000 if outside consultant utilized
- Advertising / PR / Promotions - \$50,000
- Familiarization Tours (2) - \$10,000

*Several of these items may be accomplished using existing City of Mesa resources and Mesa community partners.*

## **Falcon Field Economic Activity Area Strategic Vision**

*For discussion purposes*

### **Version A:**

*The Falcon Field Economic Activity Area (FFEAA) will be recognized locally and nationally as  
a vibrant aerospace, aviation, and defense hub –  
a premier location for companies in industry sectors seeking  
a highly attractive, competitive operating environment in which to grow.*

*Anchored by a city-owned general aviation airport,  
boasting a high-tech workforce,  
knowledge-based company decision-makers will regard Falcon Field Economic  
Activity Area as  
a thriving destination for growing their business,  
set against the beautiful backdrop of Red Mountain.*

### **Version B:**

*The Falcon Field Economic Activity Area (FFEAA) will be recognized locally and nationally as  
a vibrant aerospace, aviation, and defense hub –  
a premier location for companies in industry sectors seeking  
a highly attractive, competitive operating environment in which to grow.*

*Anchored by a city-owned general aviation airport and  
boasting a high-tech workforce,  
knowledge-based company decision-makers will regard the FFEAA as  
a thriving destination to grow their business,  
and to live and recreate set against the beautiful backdrop of Red Mountain  
and Mesa's sports tourism facilities.*

Aug. 12, 2014