

Mesa, Arizona

Falcon Field Economic Activity Area

Strategic Vision

&

Planning Document

Falcon Strategic Vision Commission

FINAL REPORT

August 20, 2014

Table of Contents

A. Objective, Strategic Vision, and Executive Summary	3
B. Falcon Field Economic Activity Area (FFEAA)	3
C. FFEAA Business and Industry Profile	4
D. FFEAA Employment Growth	
E. Market Overview and Analysis	
F. Demographics: City of Mesa & FFEAA	
G. Employees Living and Working in FFEAA	
H. Available Space for Development	
I. FFEAA Development Opportunities Map	
J. Prospect Analysis	
K. Strengths, Challenges, Opportunities and Untapped Growth Sectors, Barriers to Success	
L. Target Industries for the FFEAA	
M. Goals and Strategies	
i. Business Development	
ii. Branding and Marketing	
N. Falcon Strategy Commission Members	

Appendix

Exhibit 1. Community Profile

Exhibit 2. City of Mesa Industrial Space Summary

Exhibit 3. The FFEAA Industrial Space Summary

Exhibit 4. City of Mesa Office / Flex Space Summary

Exhibit 5. The FFEAA Office / Flex Space Summary

Exhibit 6. Zoning Map

Exhibit 7. Vacant Parcel Zoning Map

Exhibit 8. Uses allowed in Light Industrial (LI) / Uses allowed in General Industrial (GI)

Exhibit 9. Business Assistance: Local and State Programs and Incentives

Falcon Field Economic Activity Area

Objective

The Falcon Field Economic Activity Area (FFEAA) Strategic Vision process is a concerted effort to establish a strategic economic development direction for the Falcon Field 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 supply high-quality* jobs to the FFEAA 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 greater than \$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 and boasting a high-tech workforce, knowledge-based company decision-makers will regard the FFEAA as a thriving destination to grow their business, to live and recreate, set against the beautiful backdrop of Red Mountain and Mesa's sports tourism facilities.

Executive Summary

The Falcon Field Economic Activity Area (FFEAA) is one of Mesa's most dynamic, high value and dense zones of employment and economic opportunity. Within 35 square miles, businesses in the FFEAA create nearly 19,000 jobs which generate more than \$2.3 billion in economic impact annually to the city, region and state. With a vibrant general aviation airport at its core, the FFEAA offers numerous opportunities for employment centers, sports tourism and organic job creation.

The Falcon Strategic Visioning Commission was established by Mayor Finter and the City Council to accelerate the pace of economic progress and ensure the Falcon Field Area continues to excel and grow. As directed by the Mesa City Council, the Falcon Strategic Visioning Commission has examined the strengths, challenges, opportunities untapped growth sectors and potential barriers to success of the area. Based on these findings and coupled with an unrestricted look at what may be possible within the area, the Commission has prepared a strategic action plan that will, if implemented and funded, result in robust and dynamic change within the FFEAA.

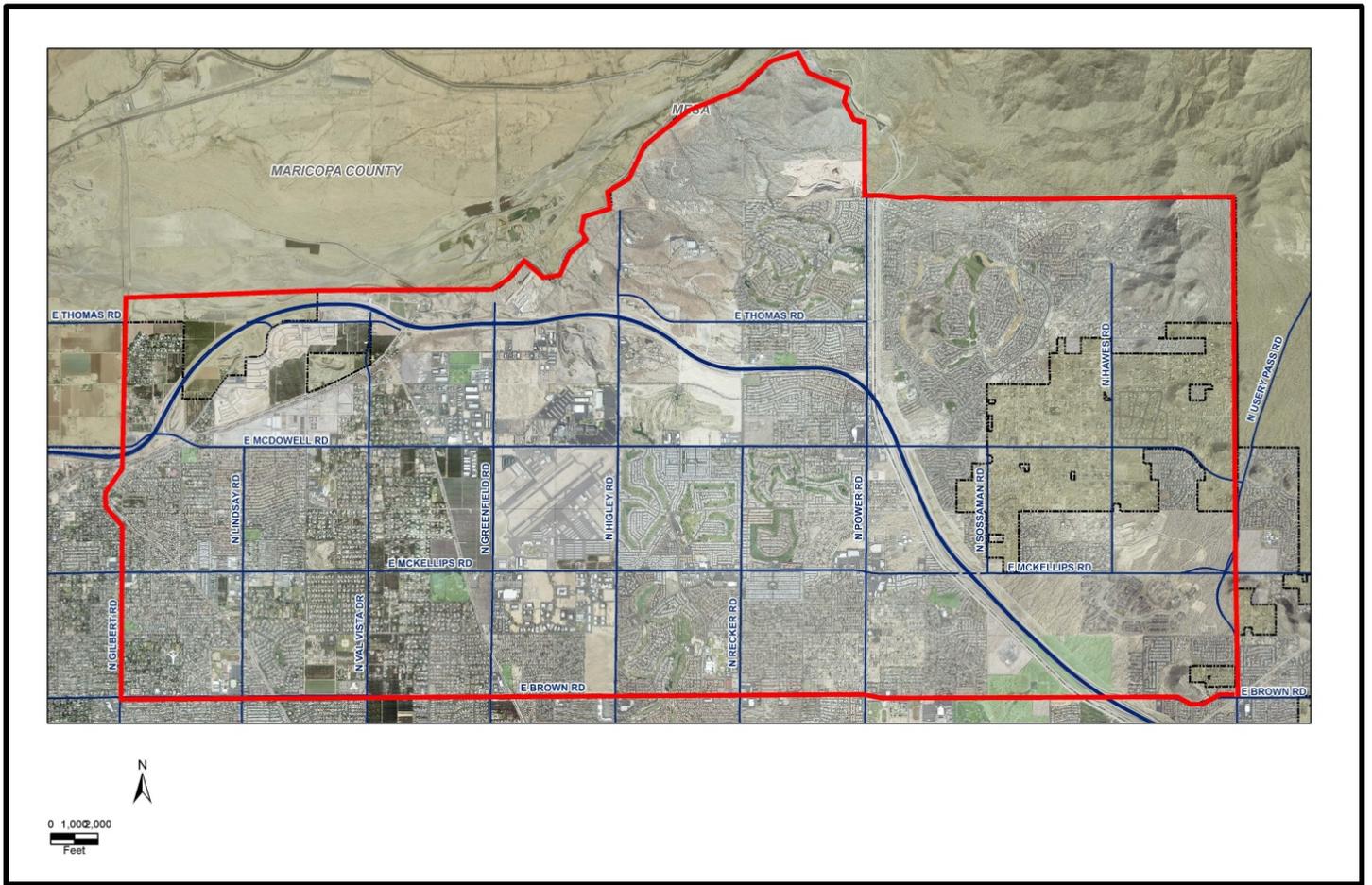
Key strategies include Business Development, which includes business attraction, retention and expansion and Branding and Marketing. In addition, product development including sports tourism and the maximization of existing City-owned resources are encouraged. A branding strategy as well as a marketing and communication plan will raise the level of awareness and promote the FFEAA to previously untapped markets and employers. Performance metrics will monitor the progress and effectiveness of these strategies.

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 Red Mountain 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.



Falcon Field Economic Activity Area Business and Industry Profile

The entire Falcon Field Economic Activity Area (FFEAA) is home to 18,947 employees or more, and at least 671 companies in numerous industries. *See Chart A for details.* The categories are pre-determined industry clusters created by Maricopa Association of Governments (MAG) to group similar businesses together. From an employee perspective, the High Tech Manufacturing & Development cluster employs the greatest number 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: 2013 Falcon Field Area Employers by Industry

2013 Falcon Field Employers by Industry Breakdown				
Industry Sector	# of Employees	% of Total	# of Companies	% of Total
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%
	18947		671	

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

Falcon Field Economic Activity Area Employment 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%. *See Chart B for details.*

The City of Mesa has made a deliberate effort to streamline development processes, update infrastructure and enhance marketing efforts for the FFEAA, which may explain the slight gain during the recession.

Chart B: FFEAA Employment and Company Growth, Top 10 Employers by Number of Employees

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
CAE	170	Creative Human Resources Concepts	237	MD Helicopters	297
The Timken Company	161	MD Helicopters	207	Creative Human Resources Concepts	237
Frys Food Stores	130	Epic Plumbing	200	Talley Defense Systems, Inc.	211
Top 10 Total	7,106	Top 10 Total	6,765	Top 10 Total	7,002

**Source: Maricopa Association of Government (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 and Analysis of Opportunities for Mesa

According to CoStar, 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 for the past four years. The current vacancy rate of **Office space** in Mesa (16%) is substantially higher than that of FFEAA (11.4%).

Similarly, **Industrial and Flex space** in the City of Mesa currently has a higher vacancy rate (11.3%) compared to the FFEAA (7.3%), while the overall vacancy rate for Industrial and Flex has been decreasing for both areas for the past five years.

The current Rent Price Per sq. ft. and Sale Price Per sq. ft. for both the City of Mesa and the FFEAA are very similar for Industrial and Flex as well as Office properties. Note: CoStar lease and sales data is based on disclosures and reporting from the brokerage community. See Appendix for additional detail and comprehensive CoStar reports, Exhibits 2-5.

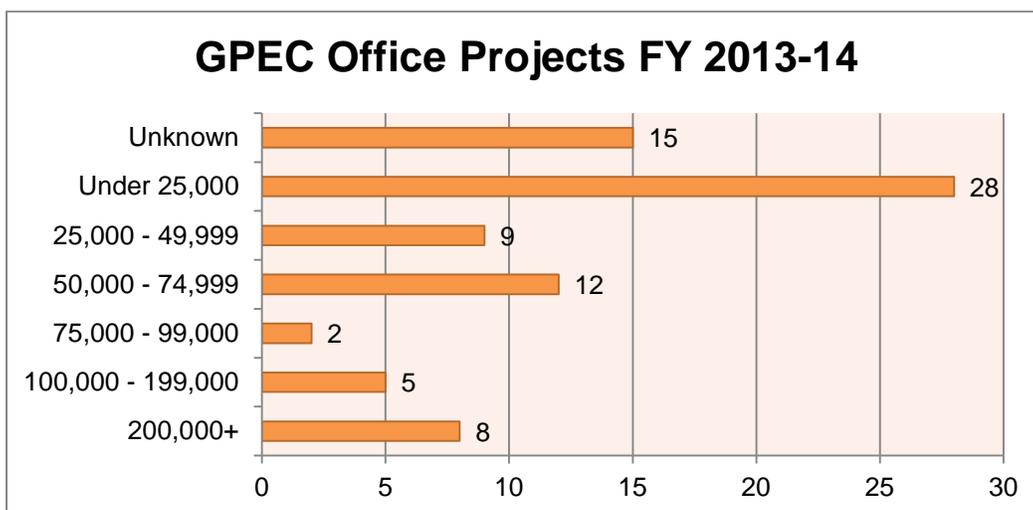
Business Development Trends – Office

While the data in CoStar indicates what may appear to be a positive trend, it does not represent an accurate picture of how supply in the FFEAA is falling short in meeting the needs of market demand. The City of Mesa frequently loses the opportunity to compete for deals due to lack of adequate space available to meet the demands of larger projects looking in the market.

Mesa’s FFEAA Missed Opportunities

According to GPEC, 93% of prospects for FY2013-2014 requested existing buildings, up from 85% over a three-year average. For FY 2013-2014, GPEC serviced 79 Office projects to date. Reviewing existing inventory that matched the parameters of the 79 GPEC projects (report generated August 11, 2014), there is **only one** existing building that meets the space requirements for nine of the GPEC Office projects looking for 25,000-49,999 sq. ft. detailed in CoStar. For the **27 GPEC Office projects** requiring more than 50,000 sq. ft., CoStar reports **NO SPACE available** in the FFEAA. See Graph 1 and 2 below.

Graph 1.



Graph 2.

**GPEC OFFICE PROSPECTS &
MESA INVENTORY**

Size / SF	# of GPEC Office Prospects	# of Bldgs avail. in the FFEAA
Unknown	15	N/A
Under 25,000 (see divisible breakout)	28	44
0-5,000		44
5,000-14,999		8*
15,000-24,999		1*
25-49,999	9	1
50-74,999	12	0
75-99,999	2	0
100-199,999	5	0
200,000+	8	0
<i>Total</i>	79	
<i>Source for Mesa properties: CoStar</i>		

*Building space includes space in multiple categories and therefore can be counted more than once and are included in the overall total.

Smaller space is available but only in Class B and C

While there are 44 properties that exist under 25,000 sq. ft., or are divisible to under 25,000 sq. ft., there are no Class A Office spaces reported in the FFEAA. The majority of space is listed as Class B and the balance is classified as Class C. Eight of the 44 properties listed are built before 1987, or 30 years ago, competing with new Office space in the East Valley.

Recent development activity on and around airport in East Valley

According to a recent article in the *Arizona Republic*, Aug. 12, 2014, “Chandler airpark area seeing major expansion since recession”, commercial growth has accelerated after the Loop 202 was completed. Freeway access is important to site selectors and readily available, move-in-ready commercial space is a must, or tenants will go elsewhere.

Chandler’s vice mayor said the area is attractive because of its designation as one of the city's five employment corridors, which are specially protected for job creation. The presence of the airport, which the city has owned since 1948, creates a zone that is protected from residential encroachment and encourages Industrial / Office development.

There are nine end-user or speculative developments in planning, planned or under construction this year totaling approximately 1.4 million sq. ft. of Industrial / Office space.

Demographics:

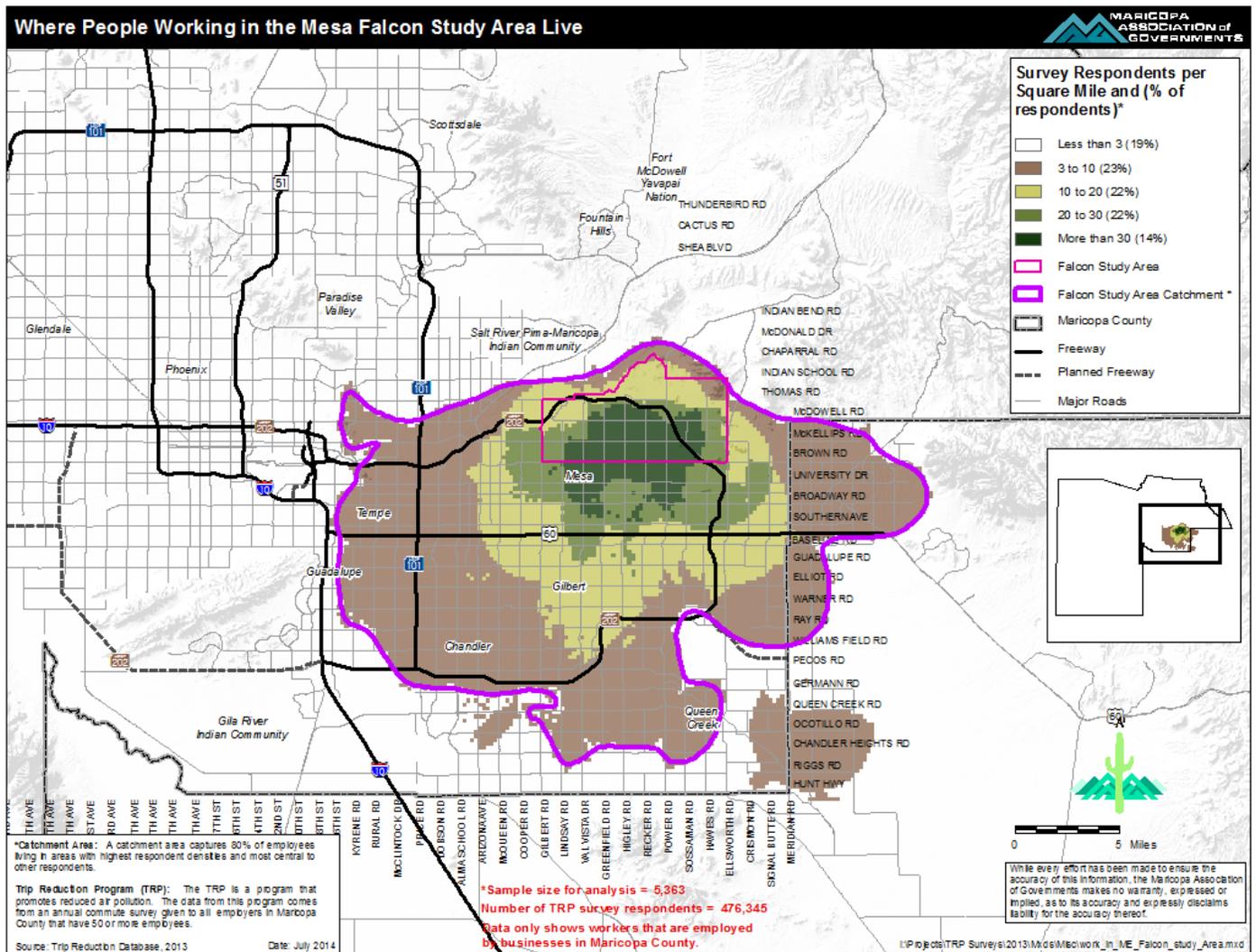
Below is a chart of the City of Mesa demographic profile summary as compared to the Falcon Field Economic Activity Area demographic profile summary. Chart C is a high level snapshot of basic demographic categories. A full demographic profile is included in the Appendix of this document.

Chart C: Demographic Summary comparing Mesa and the FFEAA

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 the FFEAA

For the FFEAA, there are 5,363 employees included within the sample surveyed by Maricopa County's Trip Reduction Program in 2013. Please note the analysis for live/work variables are limited to employers with 50 or more employees. Of the 5,363 employees working in this area, 2,962 (55%) live in the Mesa incorporated area and 2,401 (45%) live outside of the Mesa incorporated area. Attached is a map showing this data visually.



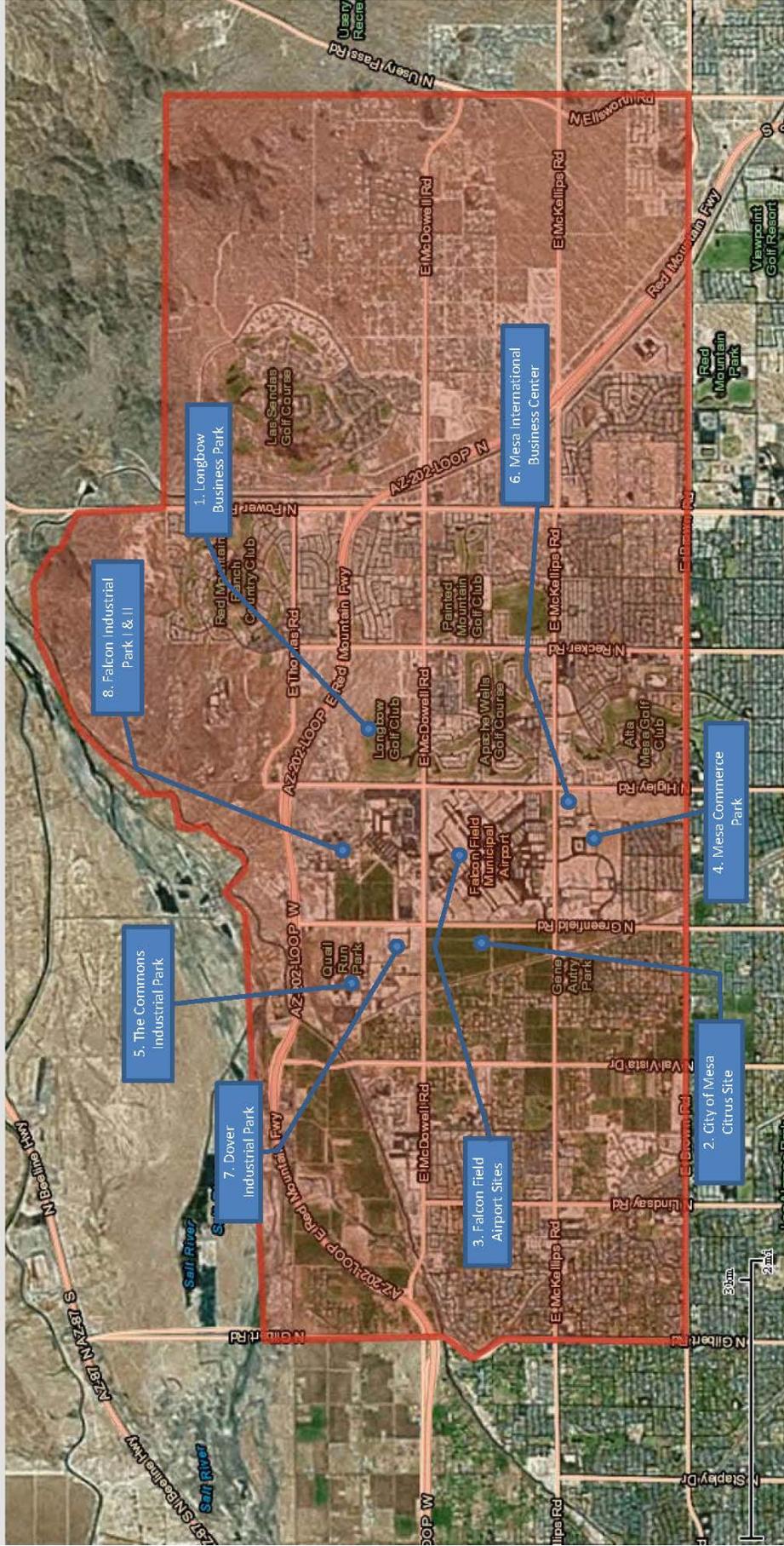
Available Space for Development

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 SR 202 Red Mountain Freeway.

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

FALCON FIELD ECONOMIC ACTIVITY AREA DEVELOPMENT OPPORTUNITIES

August 2014



Development Opportunities	Total Acres	Occupied Acres	Vacant Acres	% Vacant
1 Longbow Business Park	313.0	169.0	144.0	46.0%
2 City of Mesa Citrus Sites	216.0	0.0	216.0	100.0%
3 Falcon Field Airport Sites	205.75	116.85	88.90	43.2%
4 Mesa Commerce Industrial 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	50.0	18.0	26.5%
8 Falcon Industrial Park I & II	58.0	48.0	10.0	17.2%
TOTAL	1,174.75	576.85	597.9	50.9%

Prospect Analysis

Greater Phoenix Economic Council & Arizona Commerce Authority Leads

The City of Mesa has worked closely with Greater Phoenix Economic Council (GPEC) and the Arizona Commerce Authority (ACA) to propose multiple sites and properties within the FFEAA for project inquiries. During the last two fiscal years, there were 105 leads GPEC shared with the City of Mesa. Of those, **only 24** of the project submissions included the FFEAA properties and buildings. Of the 105 leads shared by GPEC, 70 prospects required existing buildings or land parameters that FFEAA did not have.

City of Mesa Submissions offering FFEAA properties or buildings

In fiscal years 2012/2013 and 2013/2014, 40 properties were submitted in the Falcon Field area **for 24 E-Tracked Projects** from the Arizona Commerce Authority and Greater Phoenix Economic Council. These 24 projects together totaled 5,436 jobs with an average annual wage of \$47,842, \$444 million in capital investment, and nearly 2.6 million in total square footage requirements. Out of these **24 projects, 16 were looking** for existing facilities, five were considering existing or build-to-suit, and three were exclusively looking for build-to-suit.

Note: At "press time", there are still 14 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 Economic Activity Area Properties Submitted for E-Tracks

Fiscal Year 2012/2013 - 56 Total E-Tracks								
Name of Project	# of FEAA Sites	Type	Location(s)	# of Jobs	CapX (in \$M)	Avg. Wage (in \$K)	Facility Sq. Ft.	Disposition/Project Status
ACTIVE								
Broadway	3	Existing	4310 E. McDowell Rd.; 4738 E. Ingram St.; 3110 N Oakland Rd	100	-	-	25,000	Still Active, No decision Made
PB	1	BTS	Greenfield Rd. & Loop 202	70	-	\$72	-	Still Active. Client conducting due diligence, looking to schedule site visits, with 1 site in play in Mesa
INACTIVE								
Sea Change	2	Existing	Falcon Field Airport "East Parcel" & "Orchard Property"	400	-	\$41	300,000	Project Placed On Hold
Speed	4	Existing	Longbow; Loop 202 & Greenfield; SWC McKellips Rd & Ivy St; SWC Greenfield & McDowell	65	\$0.5	\$48	15,000	Located in Scottsdale
Spectrum	1	Existing	4310 E. McDowell Rd.	43	-	-	14,000	Phoenix was not shortlisted, client preferred TX & FL

Radiate	3	Existing	5550 E. McDowell Rd. Building A & B, NWC Greenfield & McDowell	20	\$60	\$70	-	Project Terminated
Twelve	2	Existing	3450 N. Higley Rd. Bldgs 1 & 2	75	-	\$45	25,000	Project Terminated
Mario	1	Existing	4310 E. McDowell Rd.	100	-	-	30,000	Project Terminated
FY 12/13 Sub-Totals	17			873	\$60.5	\$46.5	409,000	# of Projects w/ FF submission = 8 (14% of E-Tracks in 12/13)

Fiscal Year 2013/2014 - 49 Total E-Tracks								
Name of Project	# of FEAA Sites	Type	Location(s)	# of Jobs	CapX (in \$M)	Avg. Wage (in \$K)	Facility Sq. Ft.	Disposition/Project Status
ACTIVE								
Sanus	5	BTS	Longbow; NW Loop 202 & Recker Rd: N. Recker Rd @ McKellips; 3150 N Recker Rd; NE Virginia St & Greenfield	471	\$35	\$47	350,000	Still Active and conducting due diligence
Powder	2	Existing or BTS	NEC Higley & Thomas Rd; NEC Virginia St. & Greenfield Rd	42	\$61	\$66	115,000	Still Active
Auto	3	BTS	Longbow; Greenfield Rd. & 202; SWC Val Vista Dr. & 202	200	-	\$32	200,000	Still Active
H2	3	Existing or BTS	Longbow; NWC Recker & McDowell; NWC Greenfield Rd. @ McDowell	1	-	\$40	15,000	Still Active
Bliss	1	Existing	3130 N. Oakland	90	-	\$33	25,000	Still Active
Knock #1	1	Existing or BTS	Longbow	1,800	\$159	\$45	530,000	Still Active
Knock #2	1	Existing or BTS	Longbow	750	\$68	\$42	227,000	Still Active
Amped	1	Existing	Greenfield Rd. & 202	125	\$7.5	\$45	100,000	Still Active
Apex	4	Existing or BTS	Longbow; SW McKellips & Ivy; Recker & Loop 202; Loop 202 & Greenfield Rd.	40	\$7.7	-	120,000	Still Active
West	3	Existing or BTS	Longbow; Dover Industrial; SW McKellips & Ivy	50	\$5.0	-	75,000	Still Active
Quantum	1	Existing	Hewson Dover Building D	100	\$1.0	\$25	30,000	Still Active
Kernel	1	Existing	3130 N. Oakland	50	\$3.8	\$40	30,000	Still Active

INACTIVE								
Northsight	2	Existing	4738 E. Ingram, 4151 E Quartz Cir	55	\$5	\$45	40,000	Project Placed On Hold
Falcon	2	Existing	1850 N Higley Rd, 1918 N Higley Rd	50	\$2	\$40	-	Project Terminated
Technica	1	Existing	4738 E. Ingram	30	\$1.5	\$60	25,000	Project Terminated
Nightingale	1	Existing or BTS	Longbow	709	\$27	\$75	300,000	Located Elsewhere, exact location not known
FY 13/14 Sub-Totals	32			4,563	\$384	\$47.5	2,182,000	# of Projects w/ FF submission = 16 (23% of E-Tracks in 13/14)
Totals	49			5,436	\$444	\$47	2,591,000	Total # of Projects w/ FF submission = 24 (23% of E-Tracks in 12/13 & 13/14)

Source: Mesa Office of Economic Development Customer Relationship Management database Note: A " - " signifies that the specific metric/number was never provided by the client, and is thus, not included in the calculations

Additional Opportunities

Existing Businesses are Critical to Mesa’s Sustainable Growth

Mesa, Arizona, is the third largest city in the state and the second largest city in the Phoenix Metropolitan area. With a population of over 450,000 residents and a city boundary of 133 square miles, the City is a strong partner for the Phoenix Metropolitan area in regional economic development.

The City of Mesa recognizes that existing businesses are a vital component of building a robust and diverse economy. According to the Bureau of Labor Statistics Business Employment Dynamics, approximately 80% of job growth comes from existing businesses. Coincidentally, 80% of job loss comes from existing businesses contracting or closing. Existing businesses in Mesa are a critical focus for both retention and expansion strategies.

Mesa’s Office of Economic Development, in partnership with the Mesa Chamber of Commerce, have renewed their commitments to these enterprises, and have implemented a strategy that centers on retention and expansion of existing businesses within the City. The City and Chamber are targeting companies to learn more about the challenges that companies are facing in their respective industries and locations. Falcon Field Employment Activity Area is one geographic target in the City’s boundaries.

City of Mesa Projects – Non-GPEC and ACA generated deals

The City of Mesa works on a large number of projects independently of GPEC and ACA. Several of these projects are considered retention and expansion projects; however, a large percentage of these projects are new investment and/or attraction. For example, during the last 24 months, the Mesa Office of Economic Development has worked on 12 non-

GPEC/ACA projects that either originated in the Falcon Field Economic Activity Area or expressed interest in locating within the FFEAA. Of those, eight were attraction projects and four were expansions, combined representing more than 588 new jobs, annual average wage of \$49,000 and more than \$40 million in capital investment. Of these, five projects are still “active”, four have “landed” or completed the process of selecting a site/announcing expansion, two are “on hold” and one “terminated”. (Additional project detail is not able to be shared due to confidentiality.)

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 the 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 Arizona Department of Transportation and Federal Aviation Administration (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 from Phoenix and West Mesa
- k. Close proximity to local recreational areas

2. Challenges

- a. Lack of defined value proposition (Key differentiators are critical to the visioning process and to develop an actionable market strategy.)
- b. Perceived lack of commitment to existing Falcon Field aviation and non-aviation businesses
- c. Very low knowledge and recognition of area by the brokerage and development communities
- d. Office, industrial and flex land values and rents are higher than comps in Scottsdale, North Phoenix (Deer Valley), Goodyear, and other competitive sets. (Cost of land and leases not competitive for our market.)
- e. Capital improvement funds for the Airport are often from the federal government and are sometimes cumbersome to administer
- f. Perceived air traffic congestion
- 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 FFEAA household incomes higher than Mesa household incomes.
- b. Demographics suggest a large number of business owners / executives living in the area, but operations elsewhere
- c. Numerous potential partners to cultivate, existing and new, to assist in quality development (existing area businesses and business owners, land and building owners, development and brokerage community, ACA, etc.)

- d. Desirable access to recreation areas (rivers, lakes, mountains), connections to trails / parks
- e. Boeing, MD Helicopters, Nammo Talley
- f. City control of zoning, permitting, and regulatory reform authority
- g. Development of on-airport business opportunities
- h. Relationships between industry and education providers
- i. Promotion of private aviation activities
- j. Hospitality, golf, sports and recreation
- k. 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. Phoenix-Mesa Gateway Airport considered competition
- m. No clear plan for what businesses / developers can expect in the FFEAA
- n. No “Sense of Place” or strong identity for the area
- o. Falcon Field Airport will need to consider maximized balance of operations between general aviation and educational institutions.

Target Industries for the 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.

Working with input and data from the Greater Phoenix Economic Council and Arizona Commerce Authority, and City staff, the Commission identified **two** specific industry sectors, 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

Aerospace/Aviation & Defense sectors are well established in Mesa and are the dominate industry cluster by number of employees in the FFEAA. Home of the nation's fourth busiest general aviation airport, and major employers such as Boeing, MD Helicopters, ATK, CAE, Timken, Nammo Talley and Special Devices (5,500 full-time employees), as well as emerging companies such as Geco, Inc. and Phoenix Heliparts, provide a strong foundation for continued growth.

Several members of the Commission have recommended developing closer relationships with the City's existing Aerospace and Defense businesses to ensure their growth and sustainability. The City should be working with these businesses to better understand the significant innovations developing in the industry and potential opportunities to attract companies and talent spurring these innovations.

Targeted business retention and expansion efforts by the City and its partners, coupled with the development of potential assistance programs for key sectors, will enable emerging technologies and expansions of existing FFEAA businesses and attract innovative companies as well. Frequent dialogue with local and corporate industry executives will help to identify and prioritize opportunities for Mesa such as unmanned aircraft systems, avionics, surveillance systems, and others.

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 the FFEAA to help improve the competitiveness of the Area. Consideration should be given for developing an incubator / accelerator in partnership with business and academia to develop human capital and commercialize technology in key sectors.

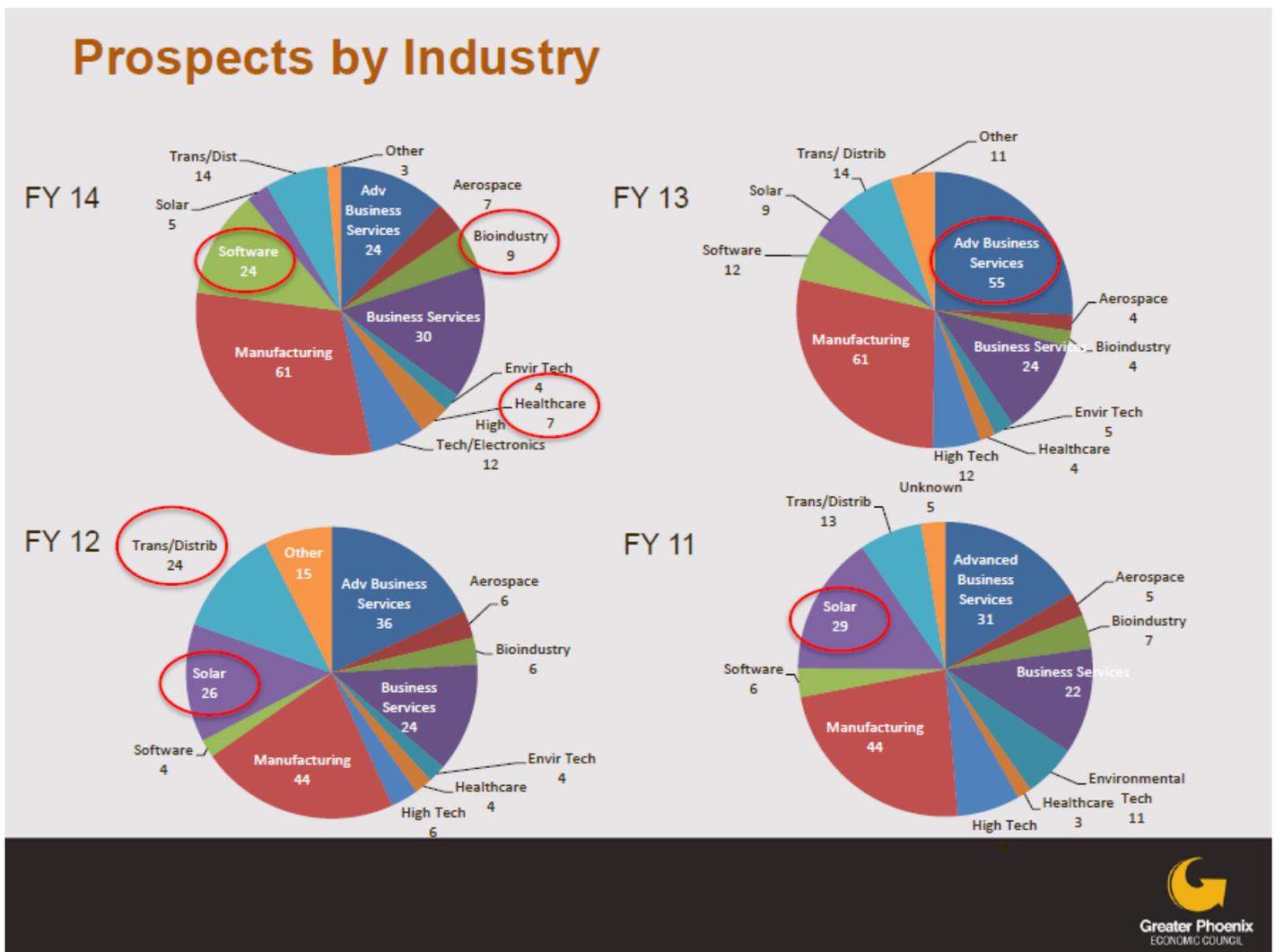
Advanced Business Services

Advanced Business Services (ABS) represents one of the largest industry clusters in the FFEAA and generally include 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 ABS 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 a few. The Greater Phoenix Economic Council’s recent analysis breaking down the types of industry prospects demonstrate that Advanced Business Services and Business Services combined has comprised the largest segments of the prospects requesting GPEC’s site selection services over the past several years. *See Chart below:*

Chart ___: GPEC Prospect Report by Industry FY 11 – FY 14



In the FFEAA, ABS complements the strong infrastructure base of water, wastewater, fully improved streets, redundant electric grid, and freeway access. For smaller ABS projects, there is an adequate

supply of existing office / flex buildings. However, for larger projects seeking existing space over 25,000 sq. ft., supply is grossly inadequate and new supply will need to develop quickly to maximize the window of opportunity. Several greenfield sites are available and are suitable for new build-to-suit office campuses adjacent to the Loop 202 freeway.

The attributes and assets of the area, combined with the upward trend within the Office and ABS sector, and the forthcoming effort to rebrand and aggressively market the FFEAA, indicate an above average opportunity to attract additional businesses in this sector.

Secondary Target Industry

Tourism

The FFEAA is both home and gateway to many outdoor activities such as hiking, mountain biking, and climbing in the City parks as well as in the adjacent mountain areas. It is purported 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 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 to capture a greater percentage of travelers as they utilize Mesa's unique amenities in the desert. With year-round access to lakes, rivers and parks, and assuming the market would support it, effort could be made to attract outfitters, 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 (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) in North Myrtle Beach which will feature local and regional sporting events. A greater emphasis should be placed on connecting recreational facilities with paths, greenbelts and other off-street access.

FALCON FIELD ECONOMIC ACTIVITY AREA

STRATEGIC ECONOMIC PLAN

--- AUGUST 2014 ---

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: **1.) Business Development** and **2.) Branding and Marketing**.

The first goal is **to create and retain quality jobs in the FFEAA** and requires a three-prong approach: attracting new business; retaining and expanding existing businesses; and product development. Product development for the purpose 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 next three to six months, a business development plan would be created and execution would begin. The business development plan would be a three to 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 the FFEAA need to be prioritized during the current fiscal year. The FFEAA has quality assets in key industries and a detailed plan for distributing the message is needed immediately. There is a known contingent in the development and brokerage community who are relatively unaware of the benefits of locating in the FFEAA. With targeted and strategic promotion, the visibility of the 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 and resources 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 FFEAA which may include creation of new tools (financial resources, self-certification, flexible zoning and/or overlays, signage, evaluating length and rate of lease terms on-airport and airport fees, non-traditional resources) **These programs would be accessible to new and existing businesses.*
- c) Develop and implement a marketing campaign directed at 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” 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 the 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 to 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:

Currently being executed in City of Mesa Office of Economic Development scope of services.

Objective 3.

Product development. Identify feasible opportunities for tourism and commercial development that may yield 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 products in the FFEAA to maximize the opportunity those travelers represent.
- c) Work closely with Visit Mesa to identify synergies between tourism and economic development agencies to maximize resources and increase awareness of the 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 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 neighborhoods, retail/restaurants, recreational/cultural amenities, etc. that will sustain the 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 the 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 months

Resources / Budget / Source of funds:

To be determined.

Performance Measures / Defining Success / Deliverables:

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

Strategies:

- a) Develop a new brand for the 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 months

Resources / Budget / Source of funds::

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 the 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), establishing the FFEAA and Falcon Field Airport as a desirable location for investment by targeted, high skill industries.
- c) Educate target audiences on the value of the FFEAA to 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; 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 the 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 months

Resources / Budget / Source of funds:

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

Performance Measures / Defining Success / Deliverables:

- The 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 FFEAA per year.
- Increase 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 community partners.

Falcon Strategic Vision Commission Members

Rich Adams – Chair, Southwest Business Credit Services

Gerald Blomquist, MainSpring Capital

Mike Haenel, Cassidy Turley

Craig Kitchen, MD Helicopters

Tannis McBean, The Vistas Pavilion, Las Sendas Golf Club

Rosa Roy, Creative Human Resources Concepts LLC

Otto Shill, Jackson White Law

City of Mesa Staff Liaisons:

Scot Rigby, Senior Project Manager, Office of Economic Development, scot.rigby@mesaaz.gov

Jaye O’Donnell, Economic Development Deputy Director, jaye.odonnell@mesaaz.gov

William J. Jabjiniak, Economic Development Director, William.jabjiniak@mesaaz.gov

Exhibit 1

Community Profile

Falcon Field and Mesa Comparison



City of Mesa - Office of Economic Development

	Mesa	Falcon Field Area	
Population Summary			
2000 Total Population	399,930	51,342	Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.
2010 Total Population	439,041	59,488	
2014 Total Population	454,981	61,916	
2019 Total Population	480,530	65,432	
Household Summary			
2014 Households	171,244	22,984	
2019 Households	181,116	24,379	
Median Household Income			
2014	47,801	70,147	
2019	54,351	83,666	
Median Home Value			
2014	\$167,372	\$243,708	
2019	\$206,862	\$276,496	
Per Capita Income			
2014	\$23,491	\$35,712	
2019	\$26,766	\$41,668	
Median Age			
2010	34.7	43	Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2014 and 2019. Esri converted Census 2000 data into 2010 geography.
2014	35.3	44.1	
2019	36	44.7	
2014 Households by Income			
Household Income Base	171,243	22,984	
\$35,000 - \$49,999	15.7%	10.6%	
\$50,000 - \$74,999	20.8%	20.1%	
\$75,000 - \$99,999	13.4%	14.7%	
\$100,000 - \$149,999	8.7%	15.8%	
\$150,000 - \$199,999	3.2%	9.0%	
\$200,000+	2.2%	7.7%	
Population Earning above \$100,000	14.1%	32.5%	
Average Household Income	\$61,940	\$95,860	
Average Home Value	\$262,977	\$364,541	

2014 Population by Age		
Total	454,980	61,919
0 - 24	35.0%	30.6%
25 - 44	26.7%	20.3%
45 - 64	22.6%	30.4%
65+	15.8%	18.4%
2014 Population by Race/Ethnicity		
Total	454,981	61,916
White Alone	75.6%	88.9%
Black Alone	3.7%	1.7%
American Indian Alone	2.5%	0.9%
Asian Alone	2.2%	2.3%
Pacific Islander Alone	0.4%	0.2%
Some Other Race Alone	11.9%	3.3%
Two or More Races	3.7%	2.8%
Hispanic Origin	27.7%	10.5%
Diversity Index	65.6%	35.8%
2014 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%
2014 Population 15+ by Marital Status		
Total	358,079	50,630
Never Married	30.7%	22.9%
Married	51.0%	61.5%
Widowed	5.9%	5.0%
Divorced	12.4%	10.7%
2014 Civilian Population 16+ in Labor Force		
Civilian Employed	91.8%	93.8%
Civilian Unemployed	8.2%	6.2%
2014 Employed Population 16+ by Industry		
Total	191,515	27,297
Agriculture/Mining	0.6%	0.5%
Construction	7.3%	5.7%
Manufacturing	8.4%	12.2%
Wholesale Trade	1.9%	2.7%
Retail Trade	12.8%	11.3%
Transportation/Utilities	4.6%	4.4%
Information	1.5%	1.2%

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

Finance/Insurance/Real Estate	8.3%	8.7%
Services	51.4%	49.0%
Public Administration	3.3%	4.3%
2014 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%
Farming/Forestry/Fishing	0.2%	0.0%
Construction/Extraction	5.4%	3.0%
Installation/Maintenance/Repair	3.8%	2.3%
Production	4.1%	4.1%
Transportation/Material Moving	5.2%	3.7%
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2014 and 2019. Esri converted Census 2000 data into 2010 geography.		
©2014 Esri		

Exhibit 2

City of Mesa Industrial and Flex Space Summary

*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg
Rent Per SF	\$7.73	\$7.27
Vacancy Rate	11.3%	17.9%
Vacant SF	2,111,696	3,148,199
Availability Rate	13.2%	19.0%
Available SF	2,465,847	3,438,460
Sublet SF	21,113	75,407
Months on Market	10.5	10.9

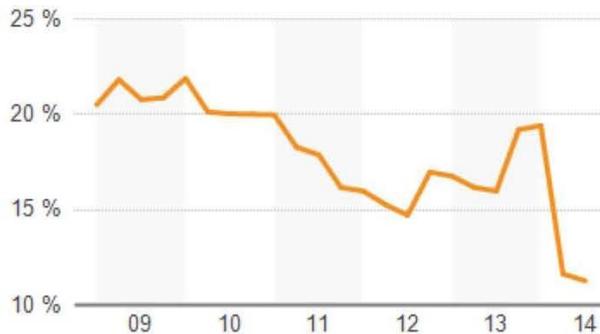
Inventory	Survey	5-Year Avg
Existing Buildings	895	889
Existing SF	18,712,605	17,622,837
12 Mo. Const. Starts	13,923	504,329
Under Construction	0	660,141
12 Mo. Deliveries	28,948	395,040

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	938,598	686,721
12 Mo. Leasing SF	1,056,100	1,171,463

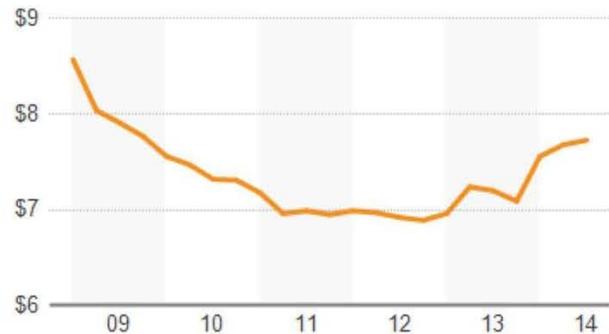
Sales	Past Year	5-Year Avg
Sale Price Per SF	\$74	\$67
Asking Price Per SF	\$81	\$71
Sales Volume (Mil.)	\$149	\$66
Cap Rate	8.4%	7.2%

*Source for all data is CoStar - July 2014

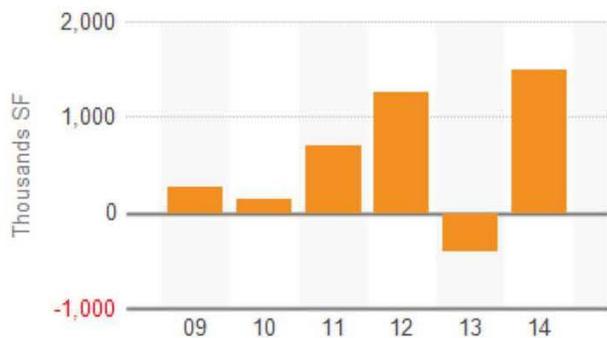
Vacancy Rate



Asking Rent Per SF



Net Absorption



Probability of Leasing in Months

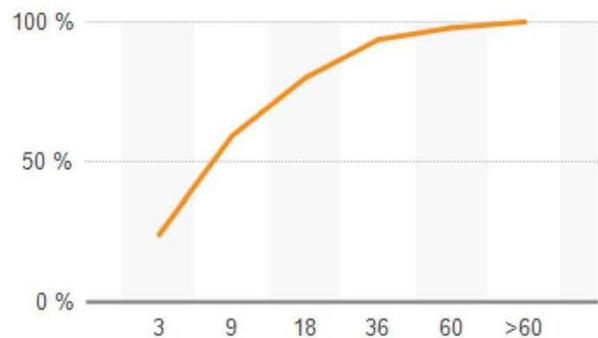


Exhibit 3

Falcon Field Industrial and Flex Space Summary

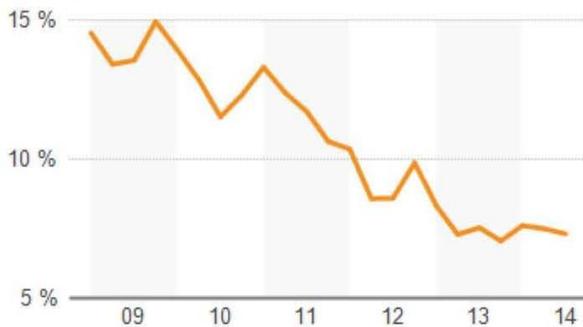
*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Rent Per SF	\$7.76	\$7.71	Existing Buildings	204	201
Vacancy Rate	7.3%	10.5%	Existing SF	4,273,606	4,242,944
Vacant SF	312,851	444,951	12 Mo. Const. Starts	13,923	14,107
Availability Rate	8.7%	12.6%	Under Construction	0	8,319
Available SF	371,249	533,660	12 Mo. Deliveries	28,948	17,242
Sublet SF	3,450	36,053			
Months on Market	8.5	9.6			

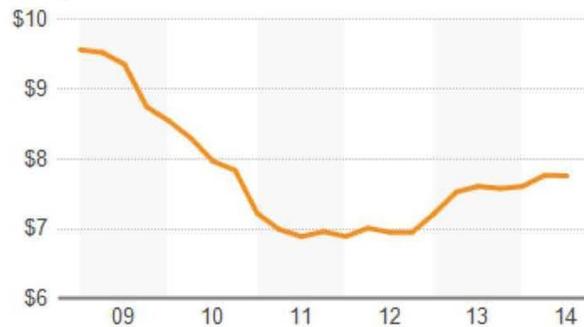
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	25,863	57,123	Sale Price Per SF	\$71	\$69
12 Mo. Leasing SF	181,172	150,677	Asking Price Per SF	\$89	\$82
			Sales Volume (Mil.)	\$12	\$11
			Cap Rate	6.8%	6.8%

*Source for all data is CoStar - July 2014

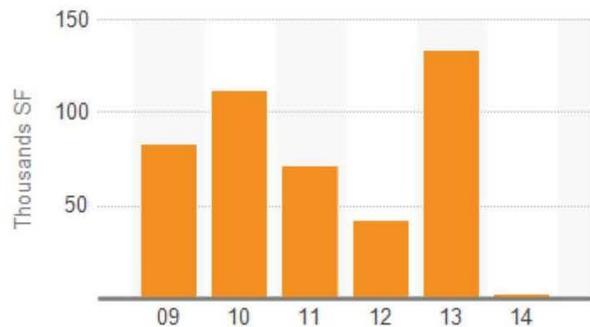
Vacancy Rate



Asking Rent Per SF



Net Absorption



Probability of Leasing in Months

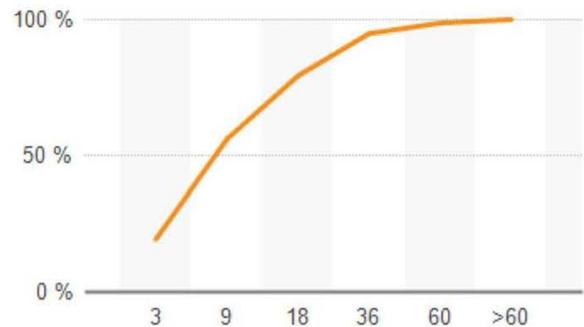


Exhibit 4

City of Mesa Office Space Summary

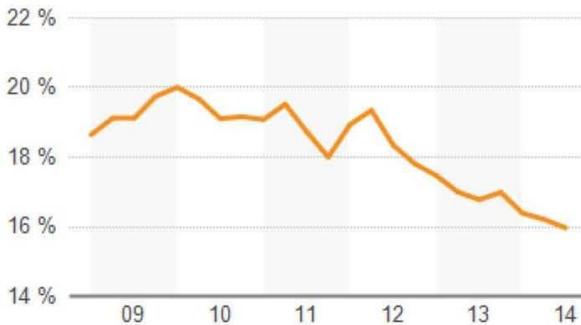
*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Gross Rent Per SF	\$17.92	\$18.38	Existing Buildings	1,002	999
Vacancy Rate	16.0%	18.5%	Existing SF	10,999,628	10,841,753
Vacant SF	1,756,610	2,003,564	12 Mo. Const. Starts	0	33,030
Availability Rate	18.2%	20.0%	Under Construction	0	13,932
Available SF	2,001,471	2,169,163	12 Mo. Deliveries	0	51,151
Sublet SF	60,693	45,114			
Months on Market	17.5	16.4			

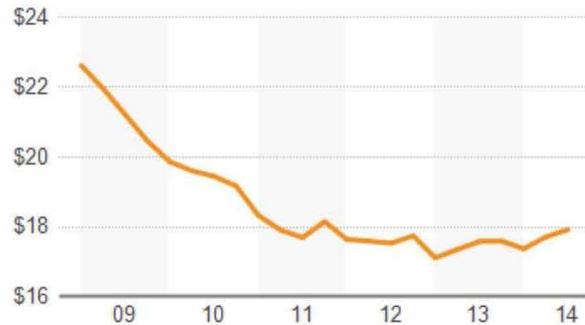
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	112,438	103,070	Sale Price Per SF	\$125	\$92
12 Mo. Leasing SF	464,392	577,715	Asking Price Per SF	\$105	\$106
			Sales Volume (Mil.)	\$62	\$35
			Cap Rate	7.7%	9.1%

*Source for all data is CoStar - July 2014

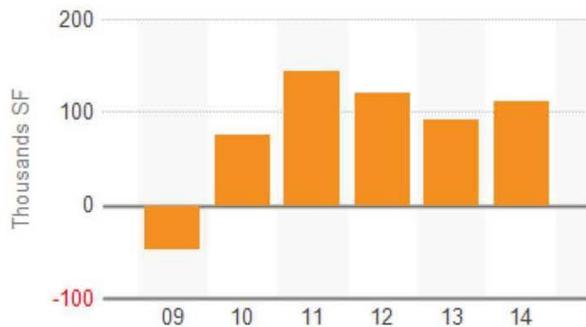
Vacancy Rate



Gross Asking Rent Per SF



Net Absorption



Probability of Leasing in Months

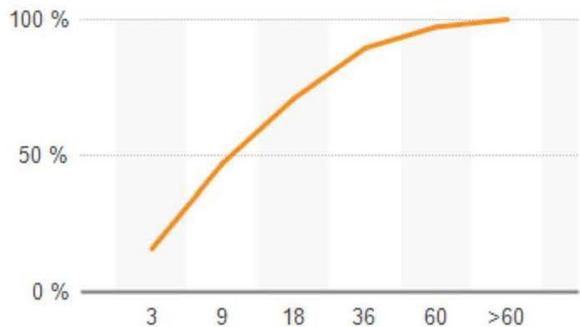


Exhibit 5

Falcon Field Office Space Summary

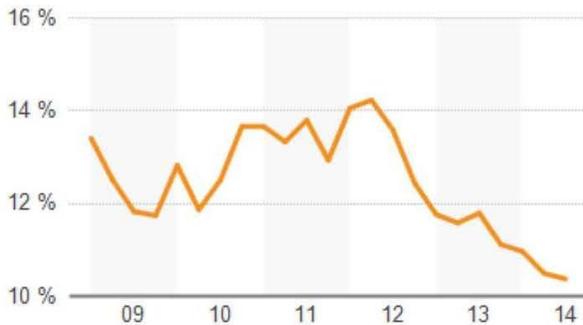
*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Gross Rent Per SF	\$16.64	\$17.36	Existing Buildings	138	138
Vacancy Rate	10.4%	12.5%	Existing SF	1,445,626	1,442,759
Vacant SF	150,023	180,494	12 Mo. Const. Starts	0	3,018
Availability Rate	11.4%	13.8%	Under Construction	0	2,264
Available SF	164,608	199,084	12 Mo. Deliveries	0	3,584
Sublet SF	0	568			
Months on Market	20.0	15.6			

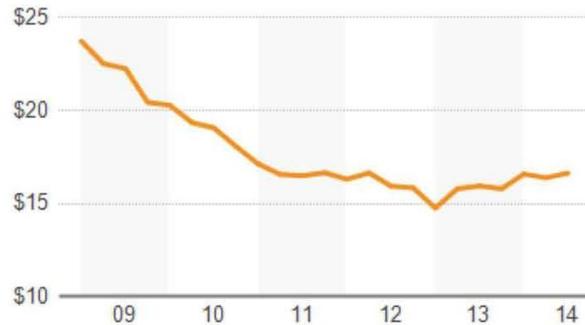
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	15,892	8,325	Sale Price Per SF	\$74	\$66
12 Mo. Leasing SF	38,592	35,922	Asking Price Per SF	\$116	\$107
			Sales Volume (Mil.)	\$3.2	\$3.0
			Cap Rate	9.0%	10.3%

*Source for all data is CoStar - July 2014

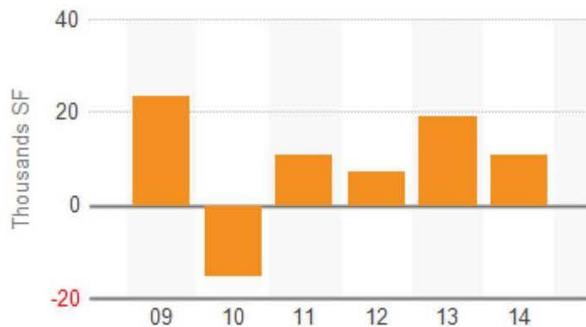
Vacancy Rate



Gross Asking Rent Per SF



Net Absorption



Probability of Leasing in Months

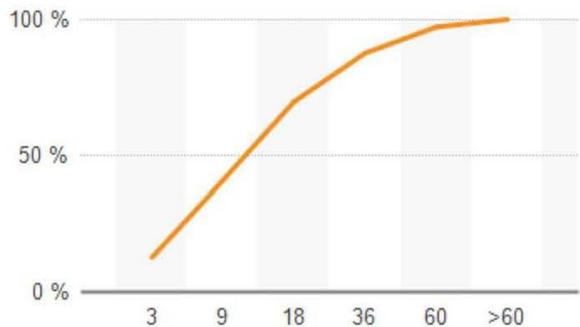
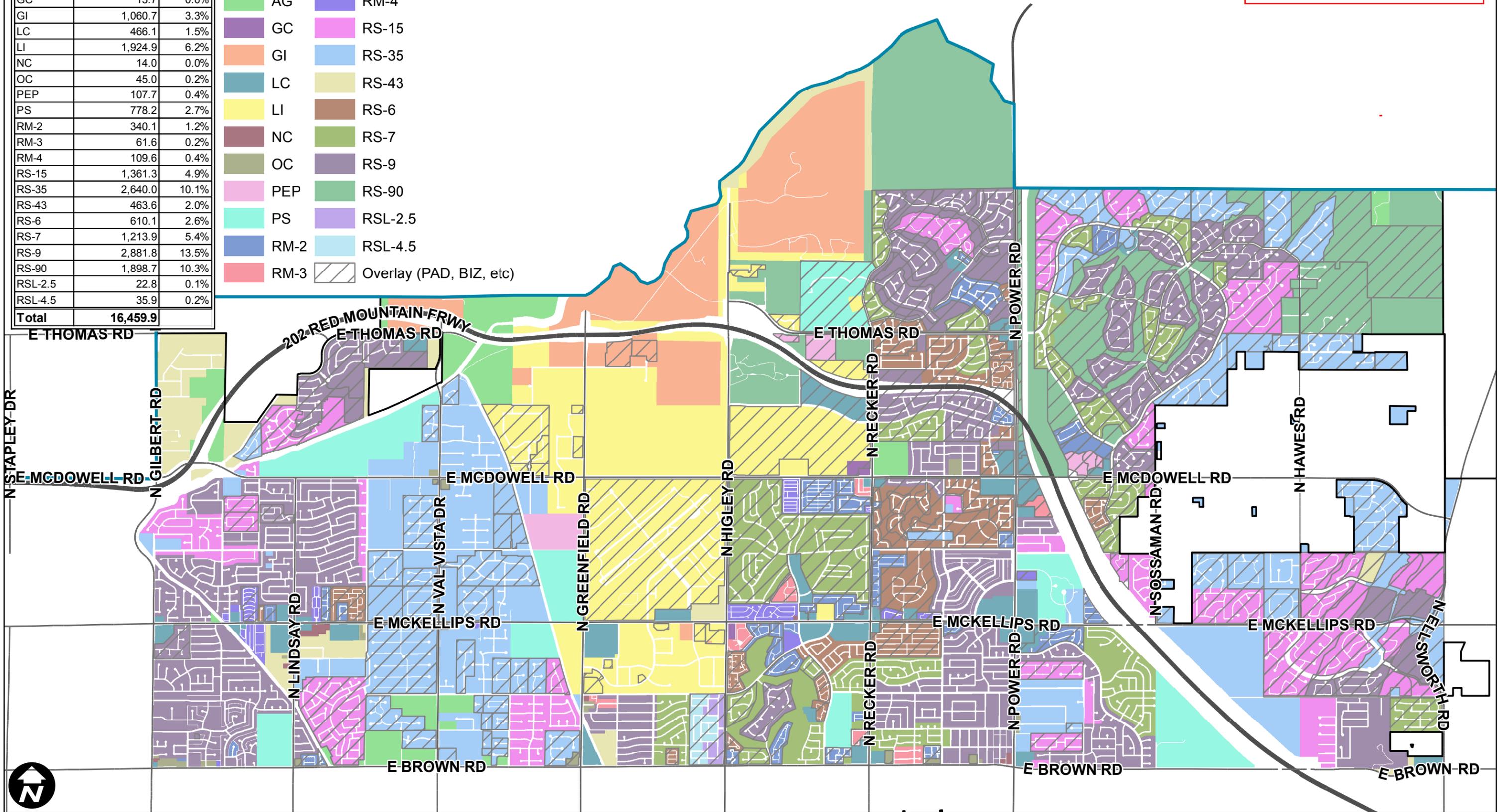


Exhibit 6: Zoning Map

Zone	Area (Acres)	%
AG	410.3	2.5%
GC	13.7	0.0%
GI	1,060.7	3.3%
LC	466.1	1.5%
LI	1,924.9	6.2%
NC	14.0	0.0%
OC	45.0	0.2%
PEP	107.7	0.4%
PS	778.2	2.7%
RM-2	340.1	1.2%
RM-3	61.6	0.2%
RM-4	109.6	0.4%
RS-15	1,361.3	4.9%
RS-35	2,640.0	10.1%
RS-43	463.6	2.0%
RS-6	610.1	2.6%
RS-7	1,213.9	5.4%
RS-9	2,881.8	13.5%
RS-90	1,898.7	10.3%
RSL-2.5	22.8	0.1%
RSL-4.5	35.9	0.2%
Total	16,459.9	

Zoning

 AG	 RM-4
 GC	 RS-15
 GI	 RS-35
 LC	 RS-43
 LI	 RS-6
 NC	 RS-7
 OC	 RS-9
 PEP	 RS-90
 PS	 RSL-2.5
 RM-2	 RSL-4.5
 RM-3	 Overlay (PAD, BIZ, etc)

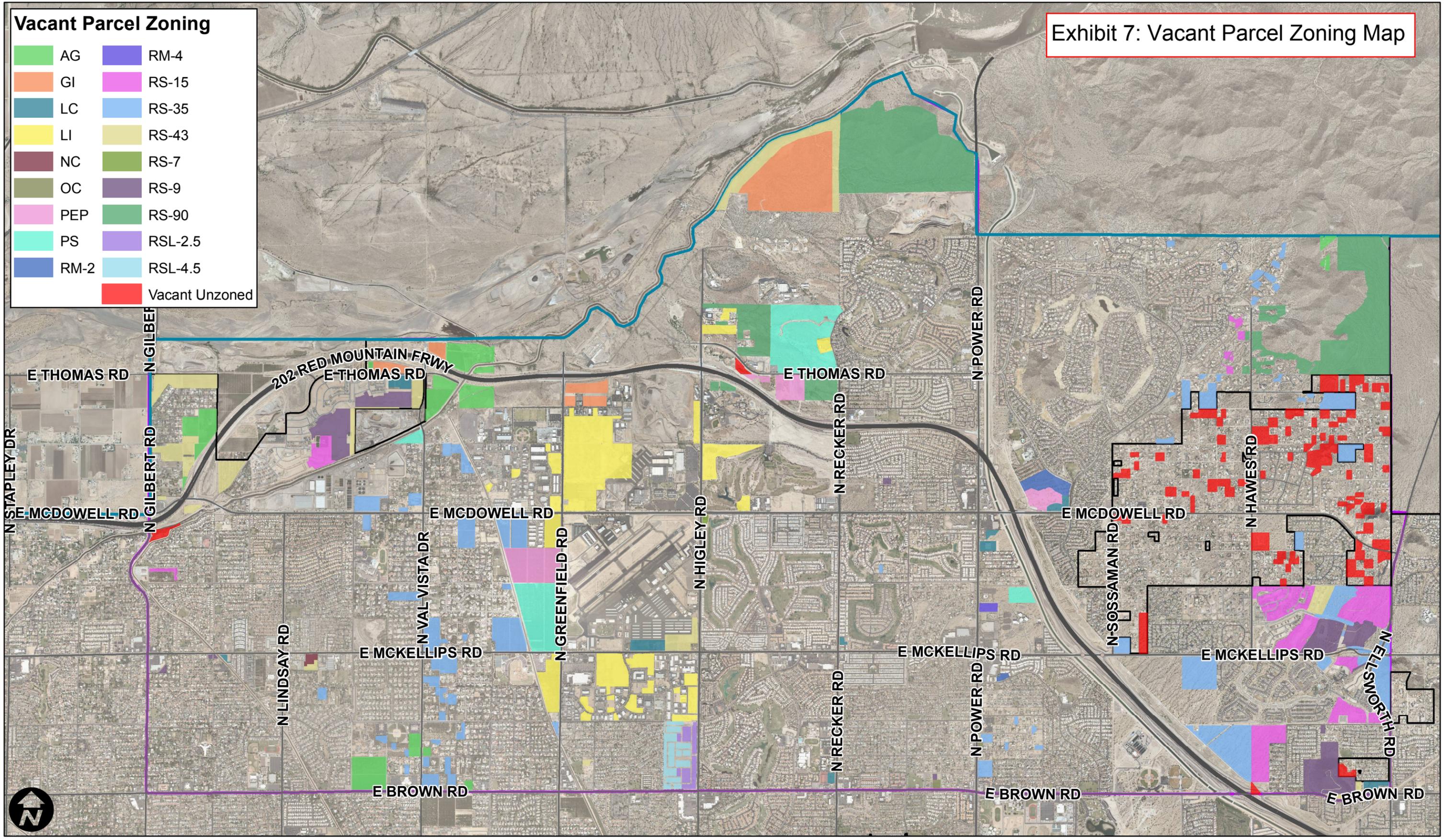


City of Mesa Data Disclaimer - Restrictions & Protections:
 The City of Mesa makes no claims concerning the accuracy of the data provided nor assumes any liability resulting from the use of the information herein.
 The data provided is the property of the City of Mesa and is not to be distributed in any form nor used in any manner not authorized by the City of Mesa in writing.
 COPYRIGHT © 1988, 2014 CITY OF MESA, ARIZONA

Exhibit 7: Vacant Parcel Zoning Map

Vacant Parcel Zoning

AG	RM-4
GI	RS-15
LC	RS-35
LI	RS-43
NC	RS-7
OC	RS-9
PEP	RS-90
PS	RSL-2.5
RM-2	RSL-4.5
Vacant Unzoned	



City of Mesa Data Disclaimer - Restrictions & Protections:
 The City of Mesa makes no claims concerning the accuracy of the data provided nor assumes any liability resulting from the use of the information herein.
 The data provided is the property of the City of Mesa and is not to be distributed in any form nor used in any manner not authorized by the City of Mesa in writing.
 COPYRIGHT © 1988, 2014 CITY OF MESA, ARIZONA

Exhibit 8

Uses allowed in the Light Industrial Zoning District

Residential:

Correctional Transitional Housing Facility CUP

Public & Semi-public:

Clubs and Lodges
Colleges & Universities
Cultural Institutions SUP
Day Care Centers
Government Offices
Hospitals and Clinics
 Clinics SUP
 Hospitals
Places of Worship
Public Safety Facilities
Public Maintenance Facilities
Public Schools
Private Schools CUP

Commercial:

Animal Sales and Services
Artists' Studios
Automobile/Vehicle Sales and Service
Banks and Financial Institutions
Building materials and services
Commercial Recreation
Eating and Drinking Establishments
Food and Beverage Sales
Funeral Parlors and Mortuaries
Hotels and Motels
Laboratories
Light Fleet-Based Services
Live-Work Units SUP
Maintenance and Repair
Medical Marijuana Dispensaries
Medical Marijuana Cultivation Facilities
Offices
Parking, Commercial
Personal Services
Plant nurseries and garden centers
Retail sales
 General
 Large Format CUP

Swap meets and flea markets CUP
Tattoo and body piercing parlors

Employment and Industrial:

Handicraft/custom manufacturing
Light Assembly/Cabinetry
Manufacturing, General
Manufacturing, Limited
Research and Development
Recycling facilities
Warehouse and storage (except outdoor storage as the primary use)

Airport:

Aircraft Refueling Stations
Aircraft Light Maintenance
Airport Transit Station
Airport Related Long-term Parking
Heliports SUP

Transportation, Communication, and Utilities

Communication Facilities
Freight/Truck Terminals and Warehouses
Transportation Passenger Terminals
Solar Farms SUP
Utilities, Major CUP
Utilities, Minor

Specific Accessory:

Outdoor storage
Caretakers' Residences
Outdoor entertainment or activities
Outdoor display

Exhibit 8

Uses allowed in the General Industrial Zoning District

Residential:

Correctional Transitional Housing Facility CUP

Public & Semi-public:

Commercial Trade Schools
Industrial Trade Schools
Cultural Institutions SUP
Day Care Centers SUP
Government Offices
Hospitals and Clinics
 Clinics SUP
Public Safety Facilities
Public Maintenance Facilities
Public Schools
Private Schools CUP

Commercial:

Animal Sales and Services
Artists' Studios
Automobile/Vehicle Sales and Service
Banks and Financial Institutions
Building materials and services
Eating and Drinking Establishments
Food and Beverage Sales
Funeral Parlors and Mortuaries
Hotels and Motels
Laboratories
Light Fleet-Based Services
Live-Work Units SUP
Maintenance and Repair
Medical Marijuana Dispensaries
Medical Marijuana Cultivation Facilities
Offices
Parking, Commercial
Personal Services
Plant nurseries and garden centers
Retail sales
 General
Swap meets and flea markets CUP
Tattoo and body piercing parlors

Employment and Industrial:

Handicraft/custom manufacturing
Light Assembly/Cabinetry
Manufacturing, General
Manufacturing, Limited
Metal Refining CUP
Research and Development
Recycling facilities
Salvage and Wrecking CUP
Warehouse and storage (except outdoor storage as the primary use)

Transportation, Communication, and Utilities

Communication Facilities
Freight/Truck Terminals and Warehouses
Transportation Passenger Terminals
Solar Farms
Utilities, Major CUP
Utilities, Minor

Specific Accessory:

Outdoor storage
Caretakers' Residences
Outdoor entertainment or activities
Outdoor display

Exhibit 9

City of Mesa Business Assistance Programs

Historically, Mesa considers the use of programs and or incentives on a case by case basis weighing the impact of jobs, revenue generation, and impact on the community. A list of current and past tools the City has utilized to spur development can be found below.

- Public Infrastructure Improvements: Utilized by the City for a number of years, installing public infrastructure (water, wastewater, gas, streets) has been one of the most successful programs that spurs business investment. The City Council and staff, during the budget process, identify and prioritize public infrastructure improvement projects that would help both existing development and future development.
- Proactive Entitlements: The flexibility of entitlements within a specific area can potentially impact a development both in time and cost savings. This ability to move approved uses within a development area, based upon a business's needs, is critical in business recruitment efforts. In an effort to create this flexibility, City Council is encouraging staff to look at methods such as Planned Area Development Overlays, to provide flexibility to properties in the FFEAA.
- Customized Timeline for Plan Review and Permitting: As the phrase is often heard "time is money", the City has worked with companies who are on tight development timelines to design a customized timeline for plan review and permitting. These customized timelines are agreed to only if the company commits that their development team will provide the City with the requisite plans, information and decisions within specific timeframes.
- US Foreign Trade Zone: The Foreign Trade Zone (FTZ) Program is a federal program administered by the U.S. Foreign Trades Zones Board, a division of the U.S. Department of Commerce. The City of Mesa is the Grantee for FTZ #221. FTZ #221 is considered outside the customs territory of the U.S. for formal entry procedures only. Foreign merchandise admitted into the zone is within the territory and jurisdiction of the U.S. and is considered imported. The FTZ program helps encourage value-added activity at U.S. facilities in competition with foreign alternatives by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings. Arizona has a unique FTZ benefit in that it provides a lower property tax assessment ratio for activated FTZ General Purpose and or Subzones. This tax reclassification may result in an up to a 75-80% reduction in real and

Exhibit 9

personal property taxes. In addition, the City has the ability to create FTZ Subzones for qualifying companies outside of Mesa's FTZ #221 General Purpose Zone.

FTZ Benefits include:

- Duty Exemption (on re-exports) No duties or quota charges
 - Duty Deferral (on imports) Customs duties and federal excise tax deferred.
 - Inverted Tariff (on imports) In FTZ manufacturing, imported inputs can have higher duty rates than the finished product to be entered into U.S. commerce. The FTZ Board may allow the manufacturer to apply the lower finished-product duty rate to the foreign inputs
 - Logistics Benefits: Companies using FTZ procedures may have access to streamlined U.S. Customs and Border Patrol procedures (e.g. "weekly entry" or "direct delivery").
 - Property Tax Benefit: Activated sites are eligible to for a property tax reclassification benefit that changes the activated property to a Class 6 property, which carries a 5% assessment ratio. The reclassification may result in a 75% - 80% reduction in real and personal property taxes.
 - Other Benefits: Foreign goods and domestic goods held for export are exempt from state/local inventory taxes.
-
- Single Point of Contact: What may initially sound like a minor benefit to a business often ends up becoming very important in the success of a project. Meeting timelines facilitates the business having a great relationship with the City. Through the City identifying a single point of contact person for the project, the business's stress of moving through all the City processes and getting timing answers to their questions is greatly reduced and the probability of a project hitting timelines significantly increases. The long term benefits are great since the business starts off with a great opinion of the City and feels comfortable communicating with City.

Exhibit 9

State of Arizona Business Assistance and Incentives

Pro Business Climate: Operating Environment

- Minimal Regulations, operating cost up to 40% lower than in California
- Take advantage of Arizona's 100% electable sales factor for multi-state corporations
- Benefit from a 30% reduction in Arizona's corporate income tax rate
- Capitalize on Arizona's reduced commercial property assessment ratio – 18% by 2017
- Improve your bottom line by a 15% increase in personal property exemptions
- Arizona Additional Depreciation Program (AADP)
- Low total payroll costs, including some of the lowest worker's compensation and unemployment insurance in the country
- Right to work State, Low unionization
- Talented Workforce and Workforce Development

100 % Sales Factor:

Increases the electable sales factor for multi-state corporations from 80% to 100% between FY 2014 and FY 2017. The increase is to occur in equal increments over a four year period.

Corporate Income Tax:

Reduces the corporate income tax rate from 6.97% to 4.9% between FY 2014 and FY 2017. The reduction is to occur in equal increments over a four year period.

Property Tax Reform:

- Personal Property: Increases the exemption on personal property to \$79,000 in tax Year 2011 by using the Employment Cost Index (ECI) rather than the Gross Domestic Product Implicit Price Deflector (GDP IPD).
- Commercial Property: Reduces the commercial property assessment ratio to 18% from 20% on Class 1 property.

Arizona Additional Depreciation Program (AADP):

Provides a unique and aggressive depreciation schedule to encourage new capital investment and reduce a company's personal property tax liability. It is worth pointing out that schedules for most equipment classes provide for depreciation down to 2.5% of original value, thus virtually eliminating the tax liability.

Exhibit 9

Summary of Incentives Administered by the Arizona Commerce Authority

Job Training Grants Program

The Job Training Grants Program stimulates economic growth in Arizona by supporting the design and delivery of customized employee training plans.

- Depending on company size, wages, and industry, the Job Training Grants Program can provide reimbursable grants with training expenses.
- Up to \$5,000 per employee to assist companies in urban areas (\$8000 rural)
- 50% of the approved training costs for incumbent employees and up to
- 75% of the approved training costs for net new employees.

Quality Jobs Tax Credit Program

The Quality Jobs Tax Credit Program stimulates job creation and capital investment across all Arizona industries. To qualify for the program, a company must, within 12 months of the three-year period, make a **capital investment** and **hire a minimum of jobs**.

- \$9,000 income tax credit for each new “quality job” created over a three-year period by qualified companies.
- Urban - \$5 million Capital Investment and create at least 25 new qualified jobs.
- Rural - \$1 million Capital Investment and create at least 5 new qualified jobs.

Qualified Facility Tax Credit Program

The Qualified Facility Tax Credit Program stimulates job creation and capital investment in the manufacturing sector.

- The program provides a refundable tax credit for qualifying capital investment made at a manufacturing facility, including a manufacturing-related research or headquarters facility.
- The credit is equal to the lesser of 10% of the qualifying capital investment or \$20,000 per net new job at the facility.
- All of the net new jobs must, among other criteria, provide health insurance benefits for which the company pays at least 80% of the premiums
- 51% of the new jobs must pay 125% of the county median wage

Renewable Energy Tax Program (RETIP)

The Renewable Energy Tax Incentive Program (RETIP) stimulates growth in the renewable energy industry by offering two types of tax incentives, refundable income tax credits and property tax reclassification, for job creation and capital investment at renewable energy facilities.

- Refundable tax credit up to 10% of the company’s investment
- Property tax reductions of up to 75% for up to 15 years

Research & Development Tax Credit Program

The Research and Development Tax Credit Program stimulates R&D activity in Arizona.

- Income tax credits for year-over-year increases in research and development activities conducted, equal to 24% of the first \$2.5 million
- Plus 15% of the qualifying expenses in excess of \$2.5 million.
- The credit is increased by 10% when the expenditures are made in conjunction with an Arizona public university.
- Companies with fewer than 150 employees may take 75% of the credit as a refund if the other 25% is waived.

Exhibit 9

Computer Data Center (CDC) Tax Exemptions Program

The main objective of the program is to provide tax relief to computer data centers owners, operators, and co-location tenants.

- Provides Transaction Privilege Tax (TPT) and Use Tax exemptions at the state and local levels on purchases of CDC equipment.
- Exemptions are available for up to 10 years from the date of certification.
- Eligible participants include: New or Expanding CDC's who make a new investment of at least \$50 Million dollars in Maricopa or Pima County; or \$25 million in new investment if located in any other county.
- Existing CDC's, within 72 months prior to September 1, 2013: \$250 million in new investment

Arizona Innovation Accelerator Fund Program (AIAF)

The Arizona Innovation Accelerator Fund Program is an \$18.2 million small business loan participation program funded by the U.S. Department of Treasury and administered by the ACA.

- Through the AIAF, the ACA partners with local lenders and investors to finance small business
- 500 or fewer employees.
- The AIAF portion of a financing package can be up to \$2 million and can constitute up to 49.9% of the overall package.
- AIAF loan proceeds can be used for working capital, inventory, equipment purchase, and real property improvements.

Arizona Innovation Challenge

The Arizona Innovation Challenge is an investment in the minds of talented entrepreneurs in Arizona and around the world. The ACA awards \$3 million annually.

- Tech Companies
- Awards from \$100,000 - \$250,000
- Awarded bi-annually for \$1.5 Million each

Angel Tax Credit Program

The Angel Tax Credit program stimulates investing in Arizona small businesses.

- Investor making an investment of at least \$25,000 in a certified small business can earn a tax credit equal to 30% of the investment
- or 35% when the small business is a bioscience or rural company
- Up to \$250,000 in total investments per year.
- Additionally, beginning in tax year 2014, any capital gains income derived from a qualified investment under the Angel program will be exempt from taxation in Arizona
- Must be certified by ACA
- Small businesses must, among other criteria, have at least two full time employees and no greater than \$10 million in assets.

AZ FAST Grant

AZ FAST Grant enables Arizona-based technology companies to initiate the commercialization process. The grant will pay up to \$7,500.

- The company is required to have a physical presence in Arizona, have less than 30 employees and gross revenues of \$2 million or less.
- The company's solution must be for a targeted ACA technology sector: science/technology; aerospace/defense; or renewable energy.

Exhibit 9

AZ STEP Grant

The STEP program will assist Arizona small businesses (defined as those with less than 500 employees) to enter export markets for the very first time or to expand into new markets.

- Export education & counseling for company to be informed and equipped for success on internationally.
- Assistance with market selection strategy.
- Assistance with development of international marketing materials, including brochures and websites.
- Assistance in identifying actual, potential buyers, agents, distributors, end users, and other strategic partners in international markets
- Opportunities for your company to participate in sector-specific trade missions/summits.

Arizona Competes Fund

The Arizona Competes Fund is an annual discretionary fund available to assist with attracting and expanding Arizona basic enterprises.

Grants from the Arizona Competes Fund are made subject to compliance with applicable statutory conditions and are paid in pro rata increments as Performance Target milestones are achieved during the term of the grant.

Military Reuse Zone Tax Incentive Program

The Military Reuse Zone Tax Incentive Program (MRZ) stimulates growth in the aerospace industry and mitigates the impact of military base closures in Arizona

- Tax Credits up to \$10,000 for each new employee
- Property tax reductions of up to 75% for up to 5 years
- Transaction Privilege Tax Exemption on certain types of construction

Workforce Services

Invest in the bottom line without touching your pocketbook; these and other no-charge services are made possible via funding from the Workforce Investment Act (WIA). This is delivered by the local workforce areas in 13 counties. They are called One Stops and are designated by the federal government to deliver workforce services at the local level.