

Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES

Date: April 5, 2005: 7:04 a.m.

MEMBERS PRESENT

Gary Smith
Linda Flick
Mike Garcia
Vern Mathern
Pat Schroeder
David Woods

EX-OFFICIO

Mayor Keno Hawker (excused)
Mike Hutchinson
Charlie Deaton
Debra Duvall

STAFF PRESENT

Betsy Adams
Sue Cason
Micah Miranda
Richard Mulligan
Tom Reyes
Scot Rigby
Wayne Balmer
Jack Friedline
Jeff Martin
Patty King
Teri Overbey

GUESTS

Roc Arnett
Carrie Johnson
Erin Lowe
Lois Yates

MEMBERS ABSENT

Raul Cardenas (unexcused)
Don Evans (excused)
Jack Sellers (excused)
James Zaharis (excused)

Chair Gary Smith called the April 5, 2005 meeting of the Economic Development Advisory Board to order at 7:04 A.M. in the Mesa City Plaza Building, Room 170.

Chair Smith called for a motion to approve the minutes from the meeting held March 8, 2005 (with minor corrections).

MOTION: Mike Garcia moved that minutes from March 8, 2005 be approved.

SECOND: Vernon Mathern.

DECISION: Passed unanimously.

1. Falcon Field Employment Center Strategy Plan

Chair Smith deferred the briefing to Mr. Richard Mulligan, Economic Development Director and Mr. Jeff Martin, Assistant Development Services Manager.

Mr. Mulligan stated that last November 4, 2004 the Falcon Field Employment Center Strategy went before the City Council. The feedback from the City Council was that they wanted to see a more detailed action oriented list of how staff was going to move forward to implement the study. Staff put together a Falcon Field Action Team that included Jack Friedline, Development Services Manager, Jeff Martin, Assistant Development Services Manager, myself, Scot Rigby, Harold Decker and staff from the City Attorney's Office, Planning Division and others. Mr. Martin presented a powerpoint presentation explaining the Action Plan. Some of the key points include:

- Develop land use phasing plan for Falcon Field Airport.
- Identify solicitation approach(s) to facilitate development of various uses.
- Develop leasing guidelines, policies and procedures.
- Obtain feedback on the recently modified lease template.
- Establish design guidelines for future development at the airport.
- Update the 1992 Airport Master Plan.
- Provide for Falcon Field staffing and capital needs identified in the Action Plan through the development of a long-term financial plan.
- Work with ADOT on visual enhancements to freeway interchanges at Greenfield/Higley Roads and the Red Mountain Freeway (Loop 202).
- Attract business park developers to construct industrial, office and retail facilities.
- Dedicate a full time staff person in Economic Development for the Falcon Field Employment Center who will be the primary point of contact to coordinate efforts with Mesa Falcon Field Airport, other departments and organizations.

Mr. Martin commented that there is 27 acres adjacent to the Post Office on the far-east side of the airport that is in Phase 1 of development. Staff is currently in negotiations for 14 acres on the Water Tower site, which is on McKellips Road.

Phase 2 is an RFP which is proposed for an FBO operation, aviation specialty shops, and executive hangers.

Phase 3 and Phase 4 will utilize an RFQ approach and will have tremendous opportunities due to the great visibility on Greenfield Road. The northwest corner property is considered the most valuable parcel on the airport. Staff would like to reserve the parcel and focus on that after the other properties have been developed. However, if a good project comes along we would certainly entertain those proposals as well.

Mr. Mulligan briefed the Board on development activity surrounding Falcon Field Airport in relation to industrial, office and retail activity. In February 2005 the City

Council approved the sale of 25 acres that the city owns just north of the Red Mountain Freeway and west of Recker Road to a private sector developer. There is also work on some land just north of there to create an 80-acre business park that would focus on retail and office development. In April 2005, the City Council approved the purchase agreement to sell the 34-acres that the city owns on the northeast portion of the Longbow Business Park and Golf Club Project to the developer. It will be the largest Master Planned business park in the city's history.

Mr. Mulligan stated that Economic Development has been working hard to attract other developers that are active throughout the region, but have not been active in Mesa.

The Hewson Company is one of the developers that have purchased about 15 acres on the north side of Dover Industrial Park. They have started construction on an 85,000 square foot spec industrial building. They are also doing two additional office buildings. One building is 11,000 square feet and the other one is approximately 15,000 square feet. He also stated that Wilson Properties has come up with a concept plan on some privately owned land just south of McDowell Road, west of Greenfield Road and just north of the orchard property. It is privately owned land with plans to construct approximately 241,000 square feet of buildings.

Mr. Mulligan explained that we have worked with a tenant just south of Longbow who has occupied about 9,320 square feet. The tenant is GST, an aerospace company affiliated with Dukes, Inc. out of California. We are excited that they have taken a keen interest in doing further development on a much larger scale in the Williams Gateway Airport area.

Mr. Mulligan explained that this same presentation was given to City Council several weeks ago and that Economic Development has been given the go ahead to fill a position vacated by Tammy Albright. This position would focus and concentrate on the Falcon Field employment area. The recruitment process has been started to fill this position. We also will continue to meet with the Falcon Field Action Team and will bring periodic progress reports to EDAB.

Chair Smith complimented Mr. Mike Hutchinson on how the study was done and how the study was implemented is extremely well done. When the Economic Development Plan and the General Plan were done, this is what EDAB contemplated happening. He suggested that each one of the City Employment Centers develop a Strategy Plan.

Chair Smith asked Mr. Hutchinson if EDAB should send a letter of support or encouragement for this type of activity with regard to the other economic centers to the City Council.

Mr. Hutchinson responded that this is the general direction that we are going to be going as time and money permits. It is always good to have an endorsement. The

City Council certainly supports the Falcon Field, Fiesta Mall and Williams Gateway areas. The next issue is where the area of focus will be.

Chair Smith addressed a question to Mr. Hutchinson asking does the minority group on the City Council support this type of study or do they believe that we should not be doing this at all?

Mr. Hutchinson responded that generally the Council supports this type of activity and certainly supports economic development growth. Some of them may have a different position on how to implement it, but that this Action Plan was well received by the Council.

Vice-Chair Flick asked what the Airport Master Plan would address and if it would delay any potential opportunity for development of any of the sites?

Mr. Martin responded that it would not delay any opportunity for development. The Master Plan is intended to help lay out the improvements for the airport for the next 20 years in terms of taxiway extensions, runways, and infrastructure. It is an opportunity for the City to study those areas and come up with a plan that can be taken into consideration. The greatest benefit of completing a Master plan is that it helps identifies infrastructure needs over time.

Vice-Chair Flick asked for an explanation of the differences between an RFP versus an RFQ on the 14 acre site and why we would utilize a future RFP process in light of the long, complicated cycle of the 14 acre site.

Mr. Martin responded that staff would use a RFP for the area just northwest of the runway, since we would have a clearer sense of what we would like to see happen. Consequently, staff can come up with more specific criteria for development. The remaining acreage north of that is less defined with more flexibility as to what type of development can take place.

Mr. Mike Garcia questioned the revenue generation opportunities and is the airport self-supporting or does it require city funds?

Mr. Martin replied that the answer to that question is a yes and no. Staff has looked this since the airport came to the City back in the mid to late '40's. The City looks back on the revenue up until this point and we are getting pretty close to breaking even. It goes up and down year-by- year depending upon how many capital improvements are made. Typically the airport generates more revenue than the associated costs.

Vice-Chair Flick commented that she would like to see some aesthetic improvements and some activity improving what is already there. Useless there is a move in that direction, it is going to be hard to attract high quality developments when they are surrounded by some that are not as attractive.

Mr. Martin commented that there were some provisions in the study that bolsters the Airport Director's ability to enforce the provisions of leases. There has been some reluctance from the leasees over the years to engage in some of these activities because of the resistance of what's going to be there. It will be up to the airport director to deal with the problem.

2. Williams Gateway Update

Framework for a New Partnership

Chair Smith welcomed and introduced Mr. Wayne Balmer, Project manager for Williams Gateway Airport Area.

Mr. Balmer referred to a map of Williams Air Force Base that he was handing out and also the material in the packet on Framework For A New Partnership.

A little bit of background is that Williams Air Force Base was selected in 1991 for closure and actually closed in 1993. It has been 10 years since our facility closed. We did a reuse plan with then Governor Symington and perhaps some of you folks were involved to help come up with that plan. On this map are the lucky dozen folks that received property from the former Williams Air Force Base, and we have been working with them over the last 10 years to develop their individual plans. When Governor Symington allocated the property, everyone had a plan for their property and they have been moving forward with their individual plans. There have been some bumps and some great successes along the way. Now we are to a point where all of those earlier plans have just about been completed.

What we are looking at now is what do we need to do for the next 10 years? From 2005 – 2015 what will it take to make the reuse of the former base a success? Williams Gateway Airport has 3,000 acres and is the same size as Sky Harbor Airport. In the front two pages of the material, there is a summary of what was found during this project. We found this is the most expensive free property we have ever received. We have spent about \$120 million in capital investment from the Federal, State and Local government over the last 10 years to get the property to where it is now. A lot of money has been spent and a lot of development potential is clearly evident, but how do we get there, what do we need to do next? Infrastructure is an on going issue in the area. How do we get from Power Road to Ellsworth Road? What will happen when the freeway comes to this area? What would we do to make sure we had access, utilities and a road to position the southeast area of Mesa growth?

The Mayor has said, that over time there would be over 100,000 jobs in the area, in and around the former Air Force Base, and we are working toward that, just like Falcon Field is working toward more development and employment. Scottsdale Airport has 40,000 jobs and they aren't anywhere near the size that Williams

Gateway Airport will be when it is fully developed. There were lots of issues identified.

Mr. Balmer said that what they are looking at now is a Phase II of this study. The study that you have before you is just about completed and was funded by the City of Mesa and City of Gilbert.

The next step is to finish the study, take it to our City Council and others and say here is what we found, and here is what we need to do for the next ten years.

Several questions that must be answered include:

- What to do with positioning the area in southeast Mesa, Eastern Gilbert and Northern Queen Creek to make sure it has the infrastructures it needs to develop and meet the goals?
- What can we do to help these individual people expand their job creating ability? It is not just the airport, but also the Air Force Research Laboratory. What we are trying to do is create an aviation technology center, and not just an aviation center.
- What can Mesa do to be the leading edge in some of these areas to bring in the jobs? If you can go to any airport why come to our airport?
- What is the synergy here for these kinds of uses?

The study was a good exercise. It involved all of the property owners and their input. What we are looking at now is how to move it on to Phase II.

MAG Williams Gateway Freeway Alignment Study

Mr. Balmer explained that in the packet was a copy of the presentation presented March 24, 2005 to update everyone on the Williams Gateway Freeway Study. There were actually four freeways that were being discussed in the East Valley.

As a result of Proposition 400 the Williams Gateway Freeway (the green line) has \$325 million set-aside to construct it from the San Tan Freeway to Meridian Road. Given the growth of the area, ADOT sees that other roadways are needed. Later this month the Williams Gateway Freeway is going to the MAG Regional Council for review of the consultants recommended alignment and for final approval in May 2005. Once that is done, ADOT will spend the rest of this year doing the detailed design on that alignment. By the end of the year there will be an alignment selected with how the interchanges work, how we handle water, sewer and storm drainage, the local streets and the width of the right of way, and where it will be located.

Mesa has been pushing to get that alignment nailed down and to know where the right of way alignment is going so we can build the street improvements into the next bond election. There are 7 alternative freeway alignments. Out of all these, ADOT

said the best alignment would be between the airport and General Motors. Our City Council voted to recommend Alt 3 for the preferred alignment to go forward. The Queen Creek Council recommended Alt 7 for the preferred alignment.

Mr. Hutchinson explained the next step in the process. It goes to MAG, who then makes the recommendation to ADOT on the final location. MAG is a voluntary group of about 32 entities in Maricopa County and Mesa is a member. Mayor Hawker is the current Chairman. They will be the body to make a recommendation on where this freeway will go. Staff time will be spent in providing a positive recommendation, understanding fully Mesa's position for Alt 3. At the same time, Queen Creek and Gilbert will be weighing in on their position and recommendations.

Ms. Debra Duvall asked for the timeline on this decision.

Mr. Balmer responded that the timeline is May 2005. April would be the recommendation of the group to the Regional Council.

Mr. Hutchinson commented that Mesa has worked very hard with Queen Creek since their incorporation almost 15 years ago. One of the things he is proud of is as a City is we have tried to help smaller communities that surround us with infrastructure. So we are going to try to make this a positive for Queen Creek.

Chair Smith asked Mr. Balmer to comment on the Superstition Vista Growth Area.

Mr. Balmer referred the Board to the map handout. All of the blue area on the map is owned by the State of Arizona. On the left side the line is Meridian Road and on the east side is Florence Junction. It is about 360 square miles. The East Valley Partnership has proposed the idea of taking an initial look at this area to see how it could be used in the future. How could it be developed, how could it be conserved? What are the different things we need to take into consideration such as utilities, drainage, and water?

The East Valley Partnership has proposed this and there are six groups that they have asked to fund it, with the City of Mesa being one of them. The City Council has agreed to pay our share, which is \$33,500, to hire ASU's Morrison Institute to do the study. This study is related directly to the freeway study.

Queen Creek, Mesa, Apache Junction, Johnson Ranch and even down to Florence are going to have their growth potentially limited when they bump up against all the State owned property. What will happen to it – will it stay State owned land or will it be developed in some kind of a systematic way? The State doesn't have an answer to that question. East Valley Partnership wants to help them come up with an answer as to how it will benefit everyone. This study is just getting started, watch for it in the newspapers, as it will be a hot deal.

3. Future Focus

Financing the Future Citizens Committee Update

Chair Smith deferred to Ms. Schroeder for an update.

Ms. Schroeder stated the committee has not yet defined the problem, at least not enough that it can be attacked. It seems to be either divided into business and expenditure problems, or an overall city financial structure problem. Most seem to think that it is a combination of both.

There are some that want to focus on the expenditures issues. There is a proposal on the table for the creation of a citizens committee that will oversee and work toward outsourcing. There are certainly a lot of success stories, but on the other hand there are a lot of horror stories having to do with outsourcing. Outsourcing is not the magic bullet and is not going to solve the problem. The committee members are trying to come up with principals.

Chair Smith commented that in looking at the handout sheet of thoughts from the committee, it appears that the committee has the wrong focus and needed to focus more on technical thoughts.

Ms. Schroeder responded that the committee has got to move more strategically. She sees some leadership emerging. She is real optimistic about the next meeting as people are going to start getting very frustrated if there is not a focus.

Mr. Charlie Deaton asked if there was a timeline for a report to be completed.

Mr. Hutchinson commented that the leadership is looking to have a recommendation sometime in the next 2 or 3 months and that it would go to the City Council. Then, if they wanted to put something on the ballot for March 2006, they could debate that in the fall and then get it queued into the ballot. The group is struggling. These are some hard issues and you have 15 people with different opinions.

Ms. Duvall stated that the people needed to be educated as to what Mesa's dire situation is and why we may need a property tax, or some additional revenue. Part of the issue is educating the citizenry.

Vice-Chair Flick suggested that at some point that EDAB needs to speak as a body in favor of a property tax. It may be premature, but at some point we need to weigh in.

Mr. Hutchinson responded that he senses they will have a draft report probably in the next couple months and that then may be the appropriate time to weigh in. He also said that there is discussion of privatizing, for example our water production and distribution system. They are talking about privatizing our payroll system. We are going to have to take a look at some of those as potentials. Privatizing the water

system has some real challenges. For example look at what happened several months ago to Phoenix's water supply. There are some quick fixes to this, but no panacea.

Chair Smith thanked Ms. Schroeder for participating as EDAB's representative on the committee.

4. Staff Reports

Economic Development Director's Report

No comments were made due to time restraints.

5. Other Business: Public and Board Comments

Chair Smith encouraged the Board members to read the materials provided in the packet.

- "New Returns On Investments in the Knowledge Economy"
Proposition 301 at Arizona State University
- Next EDAB Meeting: May 3, 2005
- Mayor's Networking Breakfast: May 4, 2005

Chair Smith also encouraged the Board members to sign-up for the City Council Meetings and Study Sessions. He also explained the handout of regarding the Councilmember Interviews – Executive Summary. This item is not to be forgotten and the summary is a listing of what those trends are. Chair Smith took the responsibility of trying to compile Don Evans suggestion of identifying any trends or common threads. It is not completed and will be placed on the agenda in the future.

Mr. David Woods voiced concern regarding the Riverview at Dobson Project campaigns being waged for or against the project. It was his concern that the "No" campaign was better and that the "Yes" campaign and that they needed to address issues that appeal to people.

Mr. Arnett suggested that they contact David Udall and provide him your response to how the campaign is being done. He in turn can get back to the people within the campaign to change strategy and educate the public.

Mr. Scot Rigby stated that a new Economic Development Analyst was to come on board April 18.

6. Adjournment

It was noted that the next EDAB meeting would be held May 3, 2005.

There being no further business, Chair Smith adjourned the meeting at 9:15 A.M.

Submitted By:

Richard K. Mulligan, CEcD
Economic Development Director