



FALCON STRATEGIC VISIONING COMMISSION MINUTES

August 6, 2014

The Falcon Strategic Visioning Commission of the City of Mesa met at Visit Mesa Conference Room, 120 N. Center Street on August 6, 2014 at 7:31 a.m.

BOARD PRESENT

Rich Adams, Chairman
Mike Haenel
Craig Kitchen
Tannis McBean
Rosa Roy
Otto Shill

BOARD ABSENT

Gerald Blomquist

STAFF PRESENT

Debbie Spinner
Scot Rigby
Dee Ann Mickelsen

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

Commission Member Kitchen arrived at 7:55 a.m.

Commission Member Haenel left the meeting at 9:00 a.m.

1. Chair's Call to Order.

Chairman Adams called the meeting to order at 7:31 a.m.

2. Approval of Minutes from the June 11, 2014 and July 1, 2014 Meetings.

It was moved by Commission Member Roy, seconded by Commission Member Shill, that the minutes from the June 11, 2014 and July 1, 2014 Falcon Strategic Visioning Commission meeting be approved.

Chairman Adams declared the motion carried unanimously by those present.

Chairman Adams thanked Visit Mesa for hosting the meeting.

3. Hear a presentation from Visit Mesa regarding Hospitality and Sports Tourism in the Falcon Field Economic Activity Area (FFEAA).

Marc Garcia, President and CEO of Visit Mesa, addressed the Commission and recognized several staff members who were present in the audience.

Mr. Garcia displayed a PowerPoint presentation (**See Attachment 1**) and reported that when he first came to Visit Mesa, he began to familiarize himself with the products and services that were available in the community. He explained that he researched the marketing strategies that were utilized by the Visit Mesa organization and also conducted an analysis relative to Mesa hosting youth and amateur sporting events. He noted that over the past five years, Mesa has gained a reputation as having some of the best aquatics facilities in the region. He also remarked that the Longbow Golf Club has hosted perhaps more Junior Golf events than any other golf course in Arizona.

Mr. Garcia advised that as a result of his research, it became clear to him that the potential development of a multi-field sports complex in northeast Mesa would be an important “piece of the pie” in terms of expanding Mesa’s economic base on a regional level. He remarked that this was especially true since many families travel with their children who participate in the events and often stay at limited-service properties. He pointed out, however, that he was not suggesting that such a facility or tourism in general was “a panacea” for economic development.

Mr. Garcia highlighted a document titled “Our Vision: Multi-Field Sports Complex”. (See Page 2 of Attachment 1) He explained that he and Joss Todd, Visit Mesa’s Sports Sales Manager, have a significant amount of institutional knowledge with respect to pursuing youth and amateur sports opportunities. He added that Phoenix has an 18-field sports complex near Cave Creek and Deer Valley Roads and said that the facility has proven to be very successful.

Mr. Garcia commented that the proposed sports complex would enable Visit Mesa to book an estimated 95% of the youth and amateur field sports events in the region. He noted that a crucial component of the complex would be the lighting, in order to ensure that events could take place day and night.

Mr. Garcia also displayed a spreadsheet illustrating examples of the kinds of sporting events that could potentially be booked at the proposed facility, as well as the tax revenues that would be generated for the City of Mesa. (**See Attachment 2**)

Mr. Garcia, in addition, provided a short synopsis of the reasons why a sports complex would be a successful venture in Mesa. (See Pages 3 and 4 of Attachment 1) He stated that Arizona lacks quality multi-field sports complexes and cited, by way of example, that the Arizona Youth Soccer Association often hosts its events in Tucson since there are few available venues in the Phoenix area. He also commented that many of the East Valley soccer clubs hold their tournaments at the Scottsdale Sports Complex due to the fact that local sites do not exist.

Mr. Garcia further commented that youth soccer events would most likely be the primary sport that would be booked at the complex. He explained that soccer, which ranks second behind football, has become one of the most popular sports in America with youth between the ages of 12 and 24. (See Pages 5 and 6 of Attachment 1)

Mr. Todd continued with the presentation and discussed Visit Mesa's sales production as it relates to youth and amateur sports-related travel that occurred between July 2012 and the present time. (See Page 8 of Attachment 1) He stated that more than 50,000 rooms were booked in Mesa hotels/motels, which generated an estimated \$40 million in revenue.

Mr. Todd remarked that Visit Mesa partners with key local entities, including the City of Mesa, Mesa Public Schools and Mesa Community College. He indicated that if a sports complex were constructed in Mesa, the number of booked room nights would increase dramatically.

Mr. Todd briefly highlighted the major sporting events that took place in Mesa between 2013 and the present time. (See Page 9 of Attachment 1)

Mr. Todd further advised that there are more than 35 sports complexes, with 25 or more fields, that are located across the country. He stated that those facilities have generated significant economic development for their respective communities and regions. He also pointed out that approximately 27% of U.S. travelers visit other communities for the purpose of attending youth and amateur sporting events. He added that in Mesa, that percentage is much higher.

Mr. Garcia displayed a chart titled "FYTD Booked Room Nights," which illustrates the number of booked room nights in Mesa between fiscal years 2006 and 2014. (See Page 13 of Attachment 1) He also referenced a document that reflects the January through June 2014 hotel performance in Mesa. (See Page 14 of Attachment 1) He noted that in May, Mesa led all Valley cities in year-to-year growth by a significant margin.

Mr. Todd continued with his presentation and reviewed examples of sports mega complexes throughout the country. Those examples included the following: Blaine, Minnesota (See Page 16 of Attachment 1); Reach 11 Sports Complex: Phoenix (See Page 17 of Attachment 1); Overland Park Soccer Complex: Kansas (See Page 18 of Attachment 1); and Grand Park: Westfield, Indiana. (See Page 19 of Attachment 1)

Commission Member Shill commented that in his opinion, the proposed facility would place organized sports near natural recreation opportunities that are close by, and also create a reason for people to come to northeast Mesa that they currently do not have.

Commission Member Haenel commented that he liked the concept of a sports complex, but questioned whether the Falcon Field area was the best location in Mesa for such a project.

Mr. Garcia responded that a potential option would be the expansion of Red Mountain Park. He stated that there are other possible locations for the sports complex, but noted that the farther east the facility is situated, the more likely that Visit Mesa could capture the room nights.

Commission Member Shill acknowledged Commission Member Haenel's comments, but noted that one of the reasons the Commission was assembled was to address the neighbors' concerns with respect to activities occurring in northeast Mesa. He suggested that perhaps a sports complex would be a more compatible use in the area and still generate the business growth that the Commission was hoping for.

Chairman Adams voiced support for further discussion and consideration of this matter. He stated that he wanted to disclose that he was a member of the Visit Mesa Board of Directors

and had heard about the proposal prior to today's presentation. He remarked that he was excited about the concept since other economic development opportunities, such as hotels, restaurants and retail businesses, would follow.

Discussion ensued relative to the fact that Mr. Garcia has not yet considered specific areas for the sports complex within the Falcon Field Economic Activity Area (FFEAA); that Red Mountain Park is located on federal land; that staff is uncertain whether it would be an appropriate site for a sports complex since it has a "recreation for public purposes" designation, meaning that the park can be used by anyone at no cost; that such a designation would impact the ability of sports promoters to charge gate and parking fees; that it would be crucial for the sports complex to operate as much as possible as a tournament-only facility; and that the Longbow Golf Course does not have sufficient land for the development of a multi-field sports complex, but could accommodate some commercial development such as a hotel.

(Commission Member Kitchen arrived at the meeting at 7:55 a.m.)

Chairman Adams thanked Mr. Garcia and Mr. Todd for their presentations.

4. Hear a presentation, discuss and provide direction regarding the current and future zoning for the FFEAA, including but not limited to Planned Area Development Overlays and other entitlement options.

Planning and Zoning Director John Wesley displayed a map (**See Attachment 3**) highlighting the existing industrial and commercial zoning in the FFEAA. He explained that the areas designated as Planned Area Development (PAD) overlay allows for project flexibility. He noted that the central portion of the FFEAA is mostly industrial with surrounding residential and dispersed commercial properties.

Mr. Wesley displayed a map (**See Attachment 4**) that highlighted the vacant parcel zoning, and a list of permitted uses in the Light Industrial (LI) and General Industrial (GI) zoning districts that are currently in the FFEAA, specific to the 202 Red Mountain Freeway. (**See Attachment 5**)

In response to a question from Commission Member Haenel, Mr. Wesley replied that there has been some discussion on the need for more flexibility of uses and noted that LI allows for various uses. He also advised that there may be a need for the Commission to discuss development standards (i.e., height limits).

Discussion ensued relative to the airport and the Federal Aviation Administration (FAA) height requirements.

Mr. Wesley offered his support to the Commission as it relates to the zoning process in the FFEAA.

Commission Member Shill offered his assistance in helping to communicate and market the zoning process to local businesses.

Chairman Adams thanked Mr. Wesley for his presentation.

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

Economic Development Department Director Bill Jabjiniak introduced Economic Development Department Deputy Director Jaye O'Donnell, who was prepared to assist with the presentation.

Mr. Jabjiniak advised that the draft FFEAA Strategic Vision and Planning document was revised based on feedback provided by the Commission. He stated that the focus of the document is on goals and strategies, based on statistical information.

In response to a question from Chairman Adams, Mr. Jabjiniak stated that business retention will be addressed as staff continues to develop relationships with existing businesses. He added that staff is reviewing different projects but noted that the business market is very competitive across the valley and will be addressed in the draft document.

Mr. Jabjiniak clarified previous comments from Commission Members and explained that Falcon Field Airport is not subsidized by the City's General Fund and is a stand-alone enterprise operation, but does receive Federal Aviation Administration (FAA) funds. He also noted that the draft document will be presented to the City Council as it relates to the FFEAA, which focuses not just on the Airport, but also on the surrounding economic activity area.

Chairman Adams commented that the second Commission meeting focused on defining the FFEAA area. He added that his biggest concern when he accepted the opportunity to serve on the Commission was that the focus would be on the Airport, which is a very important asset within the FFEAA, but that it is also important to focus on the entire economic activity area.

Ms. O'Donnell highlighted the FFEAA Strategic Vision & Planning document (**See Attachment 6**) and stated that she has reviewed the draft document's goals and strategies based on feedback from Commission Members as well as incorporating and aligning both the City and Economic Development Department strategies.

Mr. Jabjiniak pointed out that staff also included in the plan document information strategies from the region and the state.

Ms. O'Donnell continued with her presentation and noted that the first part of the document sets the stage, provides a foundation from which to build a strategic plan, and assists in decision making to quantify the business case. She recommended that the Commission consider revising the vision statement to be more inspirational and aspirational.

Ms. O'Donnell outlined the defined boundary area of the FFEAA (See Page 4 of Attachment 6) and identified the business and industry profile (See Page 5 of Attachment 6) that illustrated a chart of the 2013 FFEAA employers by industry. She stated that she wanted to present a picture of the market that is currently available and where the City can navigate businesses and industry moving forward by identifying any gaps or areas to build upon.

Ms. O'Donnell briefly highlighted the FFEAA growth from 2007 to 2013 (See Page 6 of Attachment 6) and explained that this provides a five year data history of the top 10 companies in terms of growth; that the overall numbers are good but the number of employees has

remained flat; and that there could be additional information available that is not included in the CoStar database, which is a challenge for staff when trying to get accurate market data.

In response to a question from Chairman Adams on other ways to retrieve market information, Ms. O'Donnell stated that another way to retrieve information is to conduct physical ground inventory or by reaching out to property owners and encouraging them to add their properties to the CoStar database.

Commission Member Haenel indicated that he could provide the names of industrial and office brokers. He also suggested identifying sites in the FFEAA so that staff could request that the Greater Phoenix Economic Council (GPEC), the Arizona Commerce Authority (ACA) and the user community, to submit their properties, in addition to working with existing businesses to add them to the inventory list.

Mr. Jabjiniak concurred and announced that for the current fiscal year, staff has implemented a broker road show to receive feedback from commercial brokers.

Commission Member Roy pointed out that her company was excluded from the list under the top 10 employers in 2013.

Ms. O' Donnell continued with the presentation and illustrated the City's basic demographic profile compared to the FFEAA. (See Page 7 of Attachment 6) She noted that the income and education level in the FFEAA is higher, which could be an attraction for knowledge based jobs. She also indicated that additional data will be included in the draft document related to driving time and commuter patterns.

Commission Member Kitchen asked if staff should consider removing Boeing data due to their size and review the data without those figures.

Ms. O'Donnell explained that the demographic data is based on the residents that live in the area. She stated that if Boeing is removed from the Maricopa Association of Government (MAG) data, the data would look very different. She added that according to the Business and Industry profile, the high tech manufacturer and development cluster employs the greatest amount of people in the region at 30%, but it represents only 2.8% of the total companies.

In response to a question from Commission Member Kitchen on the possibility of building modern type housing, Mr. Jabjiniak responded that the zoning map provided by Mr. Wesley demonstrates the potential for residential opportunities in the FFEAA.

Ms. O'Donnell continued with the presentation and displayed the FFEAA boundary map that highlighted development opportunities that included the vacancy rate and vacant acres in the area. (See Page 8 of Attachment 6) She provided a breakdown of GPEC and ACA Project submissions within the FFEAA for the last two years.

Ms. O'Donnell outlined the Strengths, Challenges, Opportunities, and Barriers to Success (SCOBs) strategic plan and advised that the plan is not meant to be comprehensive and encouraged the Commission to add comments and provide feedback. She also identified the target industries of the FFEAA, as Aerospace, Aviation, Defense and Advanced Business Services.

Mr. Jabjiniak stated that the Economic Development staff will be focusing on pursuing high quality and high-wage job industries that will attract quality housing and retail. He advised that a high quality job is defined as a full-time equivalent that pays an annual wage at or above 125% of the annual median wage, and that the median wage for clerical accountants is approximately \$35,275 per year. He added that the focus will be on the \$44,000 per year and above employment industries.

Ms. O'Donnell continued her presentation and highlighted the key components and changes to the FFEAA Strategic Plan based on feedback from the Commission. (See Page 18 of Attachment 6) She noted that there are two major areas of focus: Business Development (creating and retraining quality jobs), and Branding and Marketing. She indicated that Business Development was divided into two manageable areas, business attraction and business retention. She also noted that the strategies under this objective will be to implement a program for business development and marketing with assistance from GPEC and ACA, as well as identifying new and existing programs within the Foreign Trade Zone (FTZ). (See Page 19 of Attachment 6)

In response to a question from Chairman Adams regarding a full-time staff person dedicated to marketing the FFEAA, Mr. Jabjiniak responded that the Commission can make that recommendation to the City Council.

Mr. Jabjiniak explained that the City will be implementing a self-certification process for construction plan review to grant permits by inspection. He added that the program is an effort by the City to improve the process and provide additional incentives.

Mr. Jabjiniak provided a list of local, state and federal programs/incentives available. **(See Attachment 7)**

Chairman Adams commented that page 19, section (a) of Attachment 5, outlines direction to City staff to investigate and/or propose methods, programs or incentives to spur development within the FFEAA. He added that it would be appropriate for staff to indicate how these action items will be implemented.

Commission Member McBean concurred and suggested adding additional metrics to the strategic plan to provide size and scope to the document.

Ms. O'Donnell continued with her presentation and briefly highlighted the Business Retention and Expansion objective and noted that the City has reinvested in business retention in the current fiscal year in partnership with the Mesa Chamber of Commerce, to identify and meet with at least 60 businesses. She noted that staff has already met with 20% of the identified businesses, which has resulted in actionable items or deliverables from City staff. She also informed the Commission that data analysis will be collected on aerospace/aviation/defense companies as well as health care companies, to review any industry trends or issues.

Ms. O'Donnell explained that Objective 3 of the strategic plan identifies opportunities for commercial development and tourism development. She suggested conducting a feasibility study to determine the economic potential of Red Mountain Park or the orange groves within the

FFEAA into a City-owned and operated “mega sports complex.” She also indicated the importance of reviewing and understanding the data as it relates to visitor and tourist patterns.

Chairman Adams commented that a feasibility study would be in order and recommended this be a branding action item.

Ms. O'Donnell further commented on the strategy of airport operations and ensuring long-term sustainability (i.e., lease fees, landing fees, taxes) and noted that even though the Falcon Field Airport is self-sustainable, there could be other ways to improve the financing and speed of product development currently at the airport.

Commission Member Shill stated that he is concerned about the statement regarding airport operations and sustainability and that he does not want the document to imply that this is not already being done, because the City is continuously engaged in that activity. He added that the Commission should not presuppose the sources of revenue, however he agrees with accelerating improvements; that implementing a landing fee might be problematic; that the general public should understand that the infrastructure tax is paid for by state and federal grants and not by City funds; that there are a variety of other fees that may be appropriate; and the need to moderate a discussion and address concerns in a positive way.

Mr. Jabjiniak concurred and suggested to Commission Members that they submit any language suggestions to staff to incorporate into the document. He also advised that FAA funds regulate landing fees and reported that between 2000 and 2006, jet fuel accounted for 44% of the fuel being delivered, and from 2007-2013, after the training school arrived, jet fuel increased to 46%. He added that there is more jet fuel being delivered now than ever before, mostly for corporate business jets.

Discussion ensued relative to the language on page 20, objective 3(e), and it was the consensus of the Commission to remove the sentence in its entirety.

Mr. Rigby commented that when staff was undertaking the strategic plan for the Mesa Gateway Airport, the first thing implemented was a “tag” to protect and promote the airport. He explained the challenges in ensuring that the development was compatible and did not adversely impact the area.

Commission Member Shill concurred and stated that all of those factors are important and remarked on the need to have a balance and the need to promote the airport as a general aviation airport, because many people utilize it for both business and personal use.

Ms. O'Donnell continued with her presentation and highlighted the Branding and Marketing Performance Measures and Deliverables (See Page 22 of Attachment 6). She advised that the marketing component will have an associated cost, however, the City has already started on some of the strategies such as conducting road shows. She also emphasized the need for active participation from stakeholders and the community.

Chairman Adams requested that Commission Members provide feedback to staff for incorporation into the draft document.

Chairman Adams thanked staff for their presentations.

6. Items from Citizens Present.

Bob McNichols, of Longbow Golf Course, thanked the Commission for their efforts in the FFEAA. He spoke about vacant lands, and CAE Oxford Aviation Academy as one of the top 10 companies in the FFEAA. He suggested focusing on the entrance aesthetics to the FFEAA, specifically the entrance to the area from the 202 Red Mountain Freeway.

7. Other Business.

- Next Meeting:

Chairman Adams stated that the next meeting of the Falcon Strategic Visioning Commission will be held on Tuesday, August 12, 2014 at 7:30 a.m.

8. Adjournment.

Without objection, the Falcon Strategic Visioning Commission meeting adjourned at 9:22 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Falcon Strategic Visioning Commission meeting of the City of Mesa, Arizona, held on the 6th day of August, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

abg
(Attachments – 6)



VISIT

MESA

CITY LIMITLESS®



Sports Tourism as an Economic Driver for NE Mesa

- **Our Vision: Multi-Field Sports Complex**
 - NE Mesa, 18-24 fields all lighted on one campus (estimated 70-100 acres)
 - Field dimension (225'x360' each). Each field is roughly 2 acres
 - Mix of Sand-based, natural turf and artificial turf
 - Tournament/Event rental only facility (Not open to local clubs for training except on artificial fields)
 - Re-seeded annually (Tiffway 419 Hybrid Bermuda)
 - locker/dressing rooms area
 - 4-6 artificial turf fields recommended



“BUILD IT AND THEY WILL COME.” REALLY? HOW DO WE KNOW?

- No longer is soccer the sport of the future...
- Soccer's fans are young and growing. The two demographic groups most passionate about soccer are young adults -- those ages 18 to 29 -- and Hispanics. Demographers expect the Hispanic population to triple by 2050 making up roughly one-third of the population
- In 1974, the U.S. Youth Soccer Association registered only about 100,000 players. Today that number is over 3 million (Does not include AYSO which boasts over 50K teams and over 630K participants, YMCA and other organizations offering organized play).
- A recent ESPN sports poll found that 30 percent of American households have at least one member who plays soccer. As parents contemplate the risk of traumatic head injuries from football, soccer may continue to become an attractive alternative.

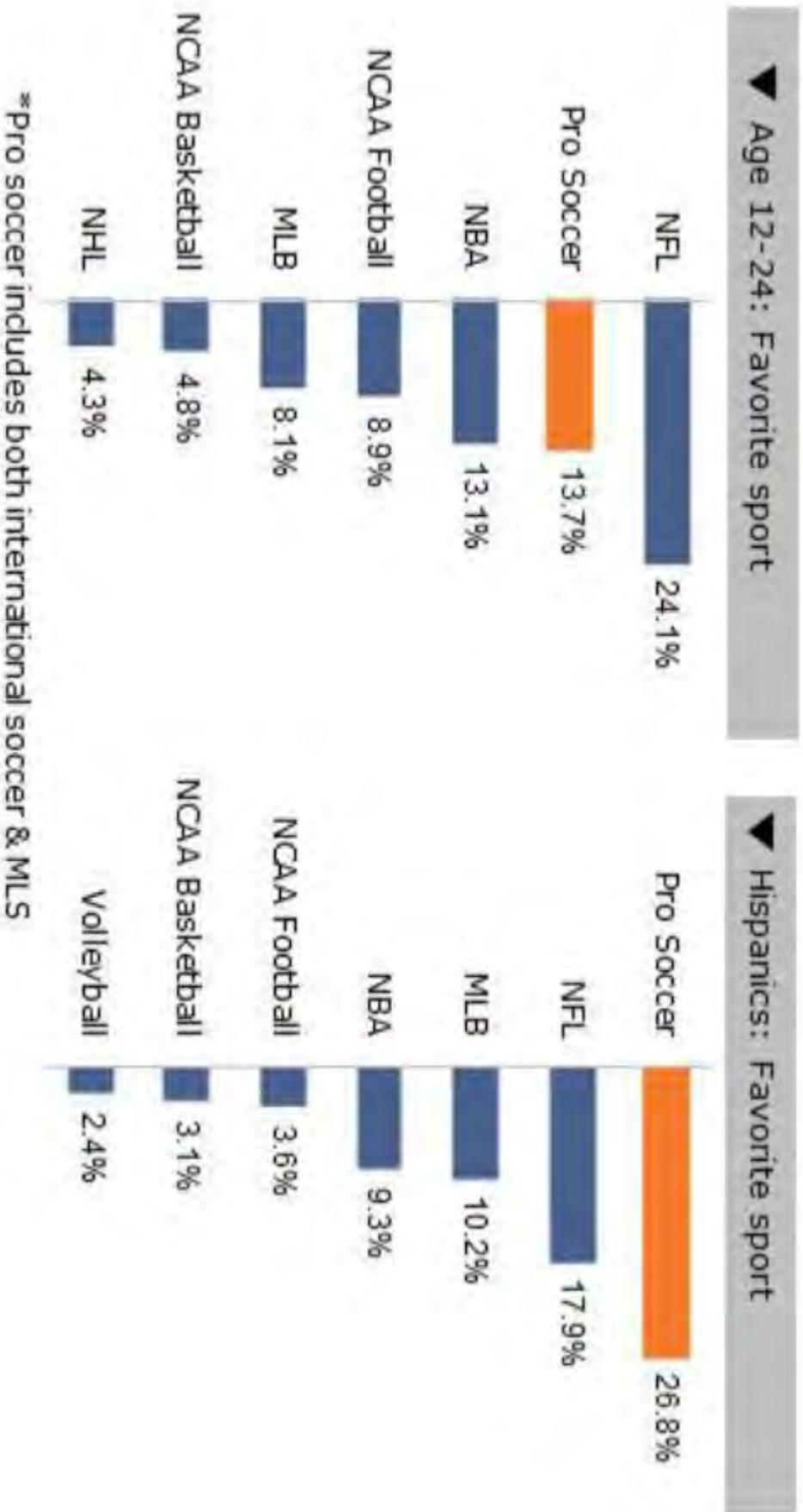


“BUILD IT AND THEY WILL COME.” REALLY? HOW DO WE KNOW?

- As soccer's popularity continues to grow stateside, MLS has added nine new clubs since 2007 (two of which, the most recent additions, will begin play in 2015). MLS started in 1996. By 2019, there will be 24 teams.
- The 19 MLS teams are averaging 18,716 fans per game in 2014-- over 1,000 higher than the average attendance at NHL and NBA games last season. New York City FC and Orlando City FC are slated to begin play in 2015, the first year of an eight-year broadcast deal with ESPN, Fox and Univision reportedly worth \$720 million. Atlanta
- The ESPN Sports Poll Annual Report, which is managed by Luker on Trends, interviews 1,500 Americans per month and tracks interest in 31 different sports. In 2012, the poll determined soccer was America's second-most popular sport for those aged 12-24, ahead of NBA, MLB and college football. Respondents are asked to rank their affinity for sports (how avid a fan they are), athletes, sponsorships and other trends.
- "While there are questions about which direction MLB will go in for 12- to 17-year-olds, we have no reason to believe the trend for MLS will be anything but up."



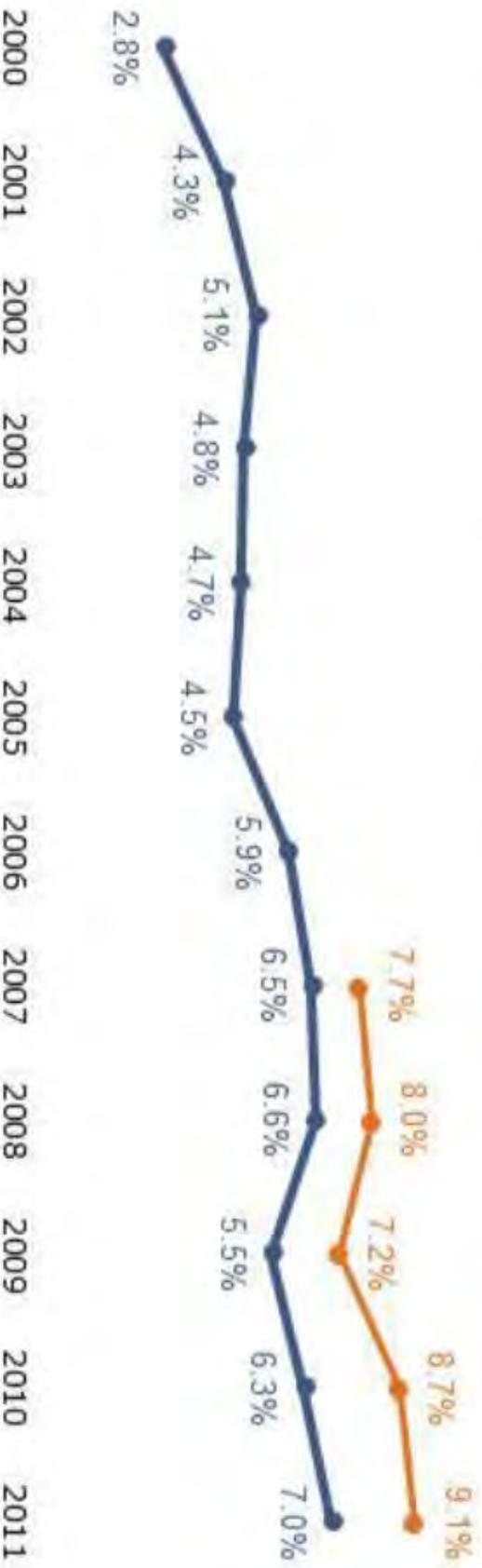
“BUILD IT AND THEY WILL COME.” REALLY? HOW DO WE KNOW?





“BUILD IT AND THEY WILL COME.” REALLY? HOW DO WE KNOW?

▼ % of USA 12+ who are AVID Soccerfans



-  AVID Intl. Soccer Fans
-  AVID MLS Fans



OK BUT WHAT ABOUT THIS PROPOSED FACILITY... WHY WOULD IT WORK HERE?

- Organizers of elite-level tournaments seek elite-level facilities on which their elite-level travel teams can play.
- Elite-level teams are the ones which travel extensively and because they travel often, the teams select only the best tournaments at the best locations.
- Split campus operations are no longer acceptable. Too many other options in other cities and too expensive
- No saturation. Arizona lacks quality facilities.
- Current facilities have significant limitations (Ex: Reach 11, SSC w/Phoenix Open)
- East Valley clubs no longer hold their top tournaments in the East Valley (Reach 11 and SSC).
- Putting it in the Falcon Field Region makes sense to Visit Mesa...helps us ensure most of the hotel rooms are consumed in Mesa
- Benedictine University Mesa building a sports program and will need facilities



Visit Mesa - Sports

- **July 2012-Present VM Sales Production:**
 - 50,668 booked room nights
 - Over \$40M estimated visitor spending from youth/amateur sports (source: DMAI EIC calculation)
 - Year round dollars and efforts are spent to attract events with out of state attendees to come to Mesa, as well as assist and strengthen locally created events
 - Visit Mesa already has a cooperative effort with key local partners like City of Mesa PRCF, MPS, MCC, MAC, hotels, etc.



Visit Mesa – Sports Cont'd

- **2013/14 Major Mesa Events**
 - USA Swimming Grand Prix:
 - 700+ attendees, 1000+ room nights, EDVS: \$600,000
 - NJCAA National Track & Field Championships
 - 800+ attendees, 1500+ room nights, EDVS: \$750,000
 - WAC Baseball Tournament
 - 350+ attendees, 800+ room nights, EDVS: \$512,000
 - Triple Crown Spring Nationals (Baseball)
 - Under Armour Baseball Factory (Baseball)
 - Prospectwire West Coast Finals (Baseball)
 - NJCAA Golf Nationals, Longbow
 - Notre Dame Clover Cup, Longbow
 - Phoenix Invitational Track Meet
 - Citrus Classic Winter Training (Swim/Dive)
 - Phoenix Marathon



Visit Mesa - Sports

- Sports events help advance our Mesa City Limitless brand nationally
 - i.e. Glendale, Louisville, Indy, etc. (press/television)
 - Mesa Grand Prix (Michael Phelps)
- Sports events reach more people organically
 - Recession Proof Market





NATIONAL SPORTS TOURISM INDUSTRY AT A GLANCE

- 2011
 - Visitor Spending = \$7.68 billion (6.5% increase over 2010)
 - Growth in events hosted = +10.5%
 - Sports Visitors hosted = 23.9 million
- 2012
 - Visitor Spending = \$8.3 billion (9% increase over 2011)
 - Growth in events hosted = +10.36%
 - Sports Visitors hosted = 27.5 million
- 2013
 - Visitor Spending = \$8.7 billion (5% increase over 2012)
 - Growth in events hosted = +3.7%
 - Sports Visitors hosted = 28.5 million

*Source: National Association of Sports Commissions (NASC) 2012-2014 Annual State of the Industry Reports



DIRECT VISITOR EXPENDITURES FY COMPARISON

- FY 2013-14 = \$43,749,679*
- FY 2012-13 = \$16,139,423*
\$27.6M Increase Y/Y
- City of Mesa's investment in Visit Mesa in FY 2013-14 = \$1,953,069.24
- For every \$1 invested in Visit Mesa by the City of Mesa there is a return of \$22.40 in estimated future direct expenditures

*Source: DMAI Impact Calculator



FYTD Booked Room Nights

Fiscal Year	# of Booked Rooms Nights
2006	11,381
2007	12,801
2008	25,035
2009	21,362
2010	17,385
2011	19,561
2012	11,244
	Visit Mesa
2013	38,612
2014	49,788



JAN - JUN 2014 HOTEL PERFORMANCE

January vs 2013

Occupancy: +10%
Average Daily Rate: -0.6%
Revenue Per Available Room: 9.3%

February vs. 2013

Occ: +8.8%
ADR: +2.7%
RevPar: +11.7%

March vs. 2013

Occ: +7.1%
ADR: +4.8%
RevPar: +12.3%

April vs. 2013

Occ: +9.8%
ADR: +4.0%
RevPar: +14.2%

May vs. 2013

*Occ: +17.7%
ADR: +2.2%
*RevPar: +20.2%

June vs. 2013

Occ: +5.5%
ADR: +1.6%
RevPar: +7.1%

2014 YTD

Occ: +7.9%
ADR: +2.1%
RevPAR: +10.2%

* Led all Valley cities in
y/y growth by a
significant margin

Source: Smith Travel Research (STR)



Sports Mega Complexes

A Few National Examples...



National Sports Center: Blaine, MN



- 650 acres
- Largest amateur sporting complex in the world
- 60+ soccer fields, premiere ice rinks, 9000 seat stadium
- Annual visitors: 4 million (2013)
- Annual hosted events: 100+
- Estimated Annual Economic Impact: \$38million,
\$2.3million state tax revenue, \$800K city/local tax revenue



Reach 11 Sports Complex: Phoenix



- 17 lighted full size grass soccer fields, 1 artificial turf
- Limited by Federal BOR regulations (charging gate or parking prohibited)
- Closed June, July, and August
- Voted Top 5 Soccer Complex in USA by Collinson Media & ConnectSPORTS, a publication for National Governing Bodies and Sports Events Rights Holders
- Annual visitors: 4 million
- Annual hosted events: 55 (2013/14)
- Estimated EDVS: N/A



Overland Park Soccer Complex: Kansas



- 96 acres
- 12 lighted synthetic turf fields
- Voted 'top soccer complex' in USA
- Annual visitors: 800,000 (2013)
- Annual hosted events: 23 (2013)
- Estimated Economic Impact: \$6-\$8million; 27,000 associated soccer room nights generated (2013)
- **Quote from Mike LaPlante, GM in year end report:** "Moving forward, the Soccer Complex continues to be recognized as one of the premier facilities in the country. However, new complexes continue to popup that will significantly threaten our ability to host future large, national events. While staff is monitoring the development of these facilities, we strongly feel that in order to remain relevant in the marketplace, serious consideration needs to be given to future expansion, i.e. more fields, in order to remain competitive."



Grand Park: Westfield, IN



- 26 baseball fields, 31 soccer/multipurpose fields, \$20million indoor facility being constructed (335K sq. ft.)
- 450 acres
- 30 minutes north of Indy, Hamilton County
- Opened in March 2014
- Annual visitors: 1.5 million (expected, 400K to date)
- Annual hosted events: 18 (June-Dec 2014)
- Estimated Economic Impact: \$1.04 billion 5 year total, \$30million expected in 2014



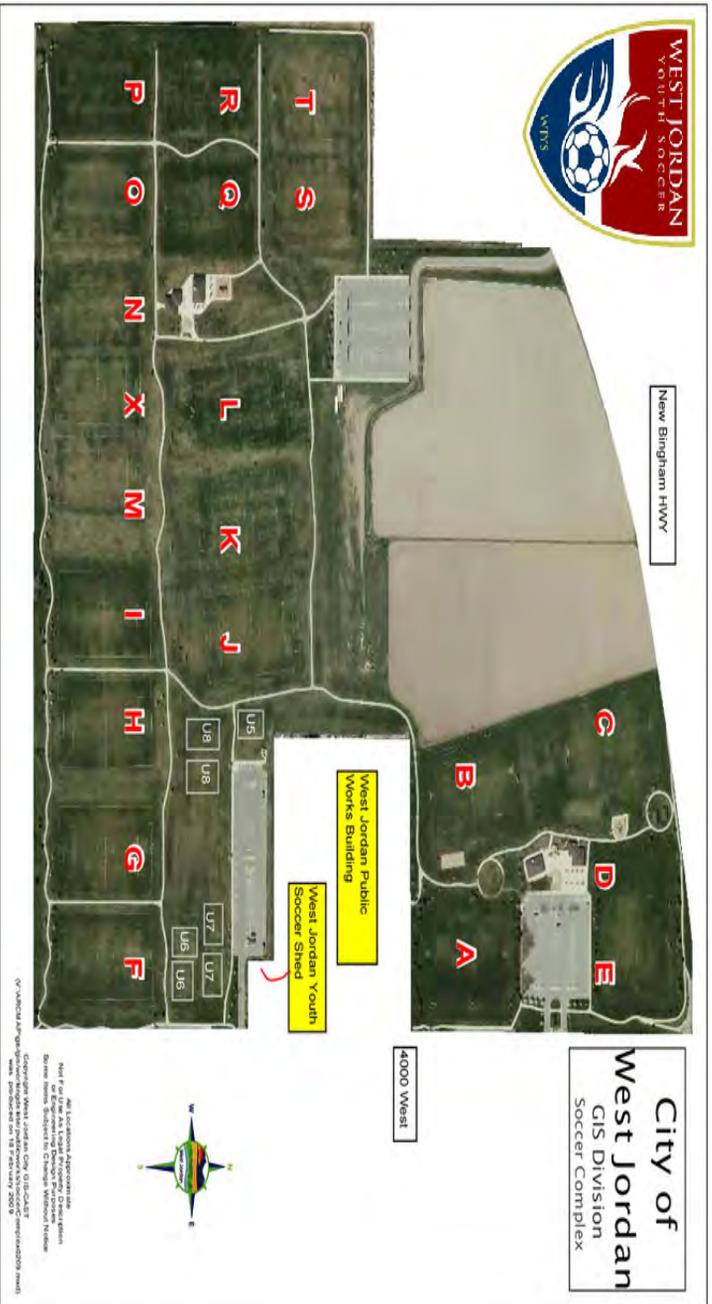
San Bernardino Soccer Complex: California



- 17 premium turf fields
- 50 acres, 1600 parking spots
- Annual visitors: 350,000 (2013)
- Annual hosted events: 16+ (2013)
- Estimated Annual Economic Impact: \$4-5million



Utah Youth Soccer Complex: West Jordan/Sandy



- 120 acres
- 20 soccer fields
- Annual visitors: 350,000 (2013)
- Annual hosted events: N/A
- Estimated Economic Impact: N/A



Toyota Soccer Center: Frisco, Texas



- 145 acres
- 17 soccer fields plus stadium for FC Dallas
- Annual visitors: 1 million+ (2013)
- Annual hosted events: 100+ (concerts, pro games incl.)
- Estimated Economic Impact: N/A
- Public/Private partnership: City of Frisco, school district, Collin County, Hunt Sports Group
- *City of Plano, TX also has a 21 field soccer/cricket complex nearby called Russell Creek Park...not afraid of competing against each other for events!



State Farm Soccer Complex: Santa Ana Pueblo, NM (Albuquerque)



- 161 acres
- 22 soccer fields
- Annual visitors: 120,000 (2010)
- Annual hosted events: 20+
- Estimated Economic Impact: \$20million (2010)



TIMELESS BOUNDLESS LIMITLESS



Organization	Event	Month	Attendees	Room Nts	Est. Direct Visitor Spend	City TL+TPT
US Youth Soccer (Attendees = # of teams X 40 per team) *5 day average stay	Far West Region Championships	June	6,900	13,800	\$6,106,500.00	\$88,492.50
	National Championship Series	July	3,200	6,400	\$2,832,000.00	\$41,040.00
	Far West Region ODP	Jan.	2,200	4,400	\$1,947,000.00	\$28,215.00
	Region IV Presidents Cup	June	4,000	8,000	\$3,540,000.00	\$51,300.00
	Presidents Cup Nationals	July	1,300	2,600	\$1,150,500.00	\$16,672.50
USA Field Hockey (Attendees = # of teams x 30)	National Field Hockey Festival	Nov.	5,400	8,100	\$2,867,400.00	\$51,941.25
	National Club Championships	July	1,440	2,160	\$764,640.00	\$13,851.00
USA Rugby (Attendees = # of teams x 25)	Women's College Nationals (DI & DII)	May	800	1,200	\$424,800.00	\$7,695.00
	Men's College Nationals (DI & DII)	May	800	1,200	\$424,800.00	\$7,695.00
	Women's Premiere Championships	Nov.	400	600	\$212,400.00	\$3,847.50
	Women's Club Championships	Nov.	800	1,200	\$424,800.00	\$7,695.00
	Men's Club Championships (DI-DIII)	June	1,200	1,800	\$637,200.00	\$11,542.50
	Men's/Women's Sevens Championships	Aug.	720	1,080	\$382,320.00	\$6,925.50
USA Ultimate (ultimate frisbee) (Attendees = # of teams x 20)	Men's/Women's All Stars	Aug.	320	480	\$169,920.00	\$3,078.00
	US Open	July	600	900	\$318,600.00	\$5,771.25
US Lacrosse (Attendees = # of teams x 30)	Collegiate Nationals	May	400	600	\$212,400.00	\$3,847.50
	Club Nationals	Oct	320	480	\$169,920.00	\$3,078.00
	Ultimate Masters Nationals	July	960	1,440	\$509,760.00	\$9,234.00
	US Youth Nationals	Aug.	480	720	\$254,880.00	\$4,617.00
NCAA	U15 National Championships (Boys&Girls)	July	1,440	2,160	\$764,640.00	\$13,851.00
	Women's National Championships	May	1,800	2,700	\$955,800.00	\$17,313.75
	West Nationals	June	360	540	\$191,160.00	\$3,462.75
	WCLA Championships	May	720	1,080	\$382,320.00	\$6,925.50
NJCAA (MCC host school)	Soccer National Champs Regionals M		320	480	\$169,920.00	\$3,078.00
	Soccer National Champs Regionals W		320	480	\$169,920.00	\$3,078.00
	Soccer Nat'l Champs. (DII)		320	480	\$169,920.00	\$3,078.00
	- 5,000+ fans (including local)		3000	4,500	\$1,593,000.00	\$28,856.25
NAIA (Ben U Mesa host school)	DII/DIII Lacrosse Nationals		450	675	\$238,950.00	\$4,328.44
	Lacrosse Nat' Championships		240	360	\$127,440.00	\$2,308.50
Miscellaneous	Soccer Nat'l Championships (M & W)	Nov.	480	720	\$254,880.00	\$4,617.00
	Soccer National Championships (32 teams, 10,000+ fans expected) paid gate and parking)	Nov/Dec	1280	1,920	\$679,680.00	\$12,312.00
US Club Soccer	Lacrosse National Champs.		480	720	\$254,880.00	\$4,617.00
	Conference Championships in Soccer		240	360	\$127,440.00	\$2,308.50
	Conference Championships in Lacrosse		240	360	\$127,440.00	\$2,308.50
Elite Tournaments	West Regionals	June	2,700	4,050	\$1,433,700.00	\$25,970.63
	National NSCAA College Showcase	July Aug.	4,800 1080	7,200 1,620	\$2,548,800.00 \$573,480.00	\$46,170.00 \$10,388.25

		New event development, West Coast			200	300	\$106,200.00	\$1,923.75
	NDP Lacrosse	West Coast event, NEW			600	900	\$318,600.00	\$5,771.25
	Int. Quidditch Association	Western Cup		Oct	480	720	\$254,880.00	\$4,617.00
	Major League Soccer	Winter/Spring Training (4-6 teams annually)		Oct-Feb	200	300	\$106,200.00	\$1,923.75
		International Pro teams (Mexico/Central Am)		Summer	250	375	\$132,750.00	\$2,404.69
	Adrenaline Lacrosse	Mainly local but great event		April	350	525	\$185,850.00	\$3,366.56
	AZ Police/Fire Games	target East Coast/cold weather states (Disney		Dec-Feb	300	450	\$159,300.00	\$2,885.63
	Lacrosse Winter Training				300	450	\$159,300.00	\$2,885.63
	KickIt 3v3 Nationals/Worlds	Soccer			1,000	1,500	\$531,000.00	\$9,618.75
		Ultimate			600	900	\$318,600.00	\$5,771.25
		Lacrosse			300	450	\$159,300.00	\$2,885.63
		Western Nationals (Lacrosse)			150	225	\$79,650.00	\$1,442.81
	NXT Sports	World Series		Aug	300	450	\$159,300.00	\$2,885.63
	Beep Baseball	Regional Development Camps		eb/Marc	800	1,200	\$424,800.00	\$7,695.00
	Locally hosted Soccer Club/Leagues	Sereno, Mesa, CCV, Gilbert Arsenal, etc.			120	180	\$63,720.00	\$1,154.25
		Annual Presidents' Day Tournament		Feb	3,000	4,500	\$1,593,000.00	\$28,856.25
	SC del Sol				4,500	6,750	\$2,389,500.00	\$43,284.38
	Canine, dog agility competitions	used Scottsdale Polo Grounds for Natis			700	1,050	\$371,700.00	\$6,733.13
					TOTAL:	110,390	\$42,334,860.00	\$707,875.88

***Conservative Estimates:**

Room Nights = (Attendees/2 per room) x 3 avg nights

Visitor Spending = Attendees x 3 nights x \$177/day

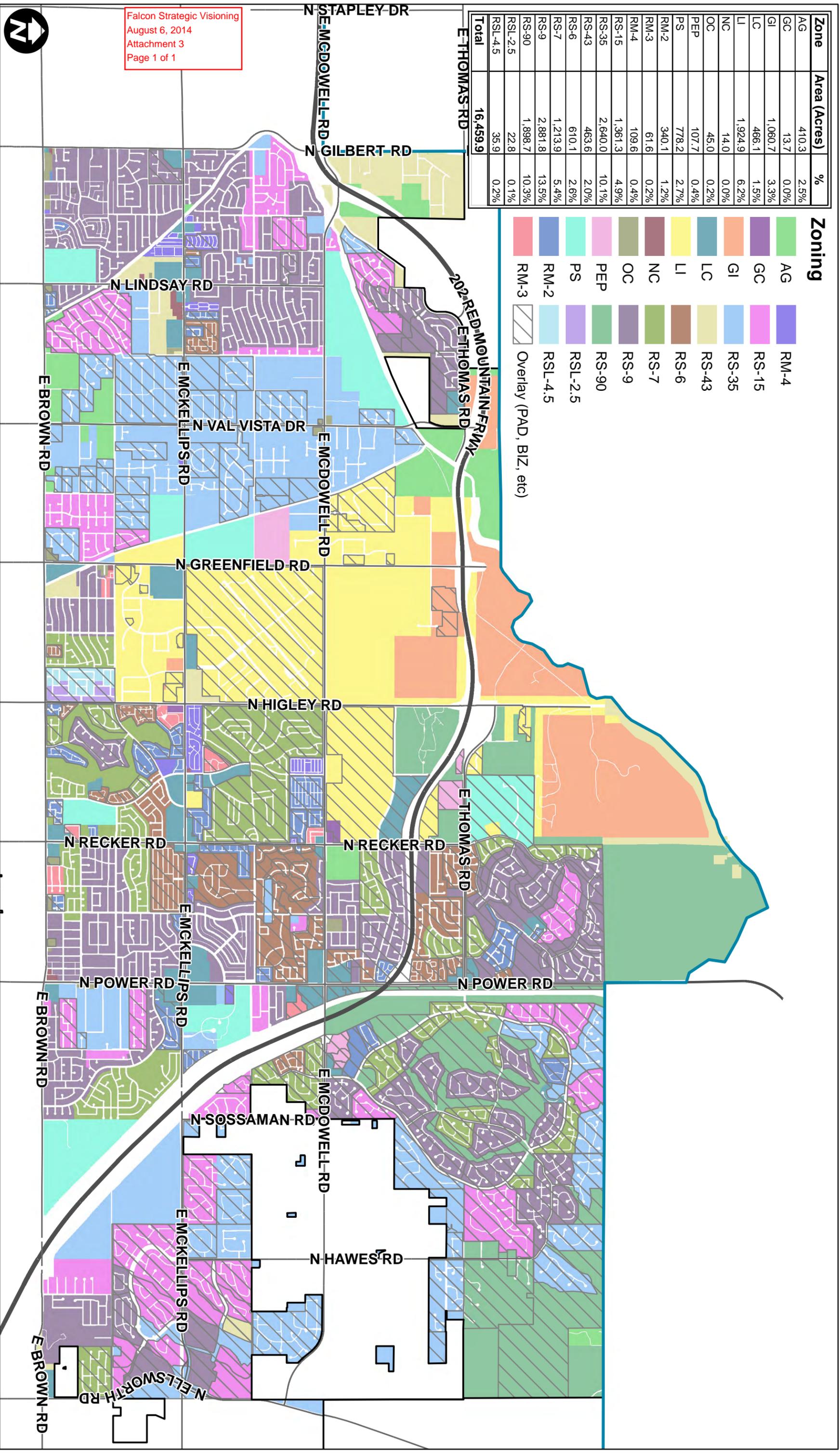
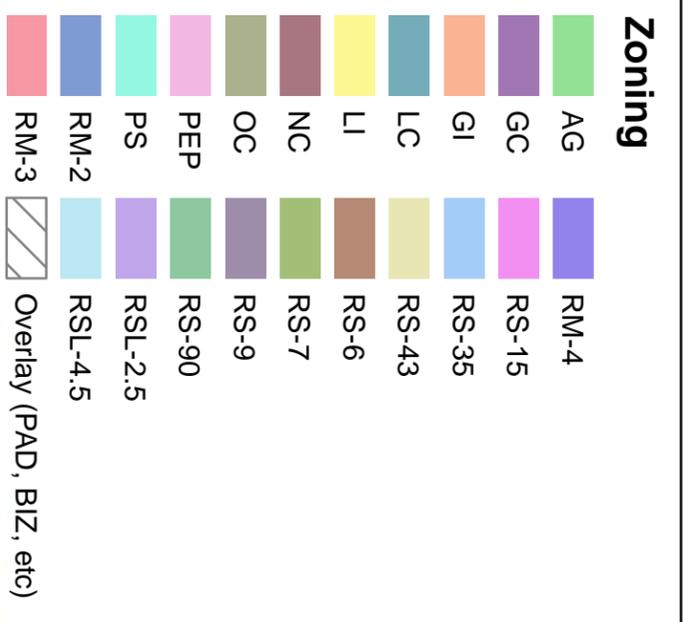
**Most events are 2-3 Year bookings so multiply these #s by 2 or 3

***City TLT/TPt = room nights x ADR of \$95.00 x 6.75% tax

Room Nts **DVS** **TLT/TPt**

City of Mesa's Transient Lodging Tax + Transaction Privilege Tax = 6.75%

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	

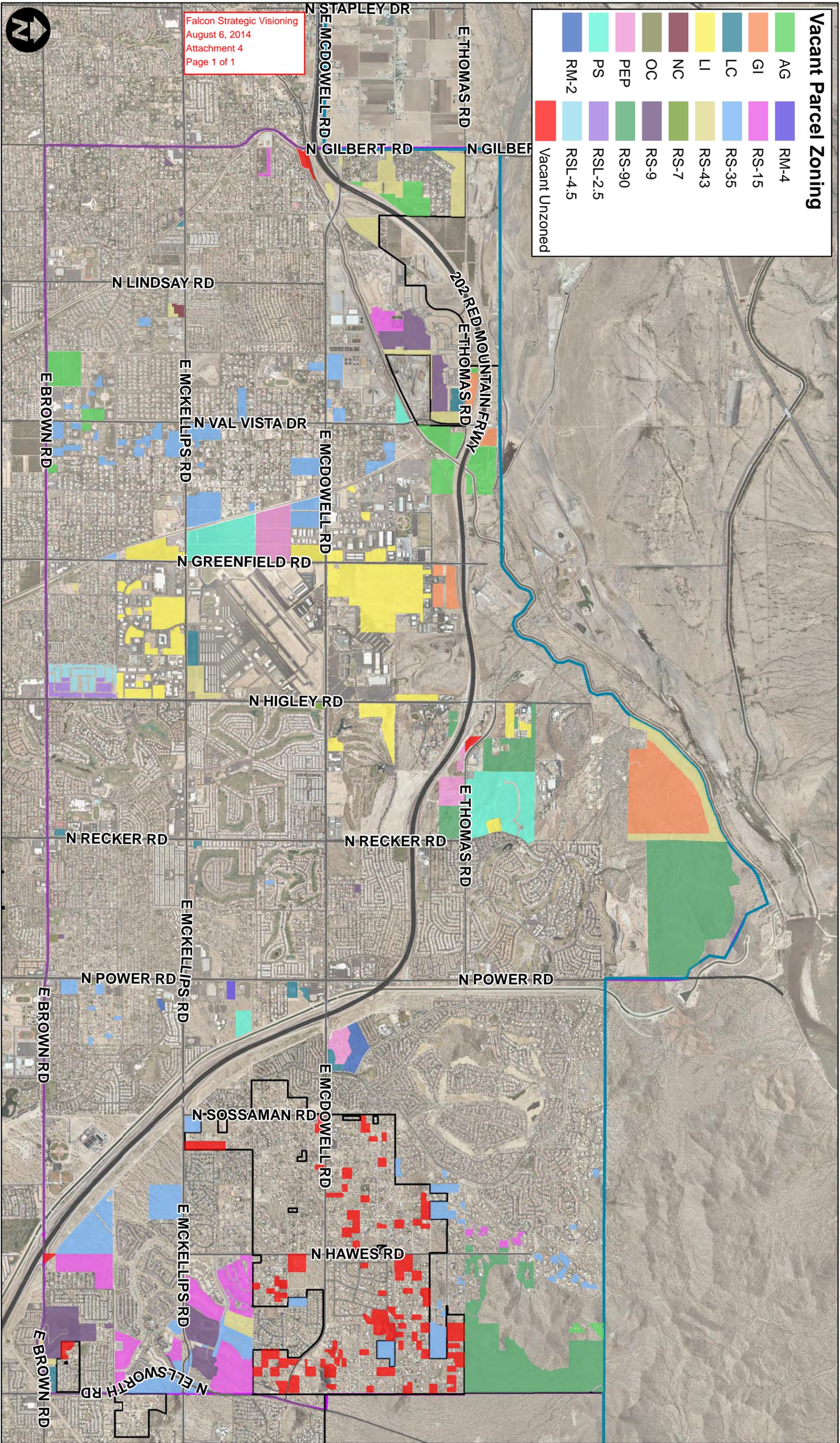


Falcon Strategic Visioning
 August 6, 2014
 Attachment 3
 Page 1 of 1

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Vacant Parcel Zoning

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



Falcon Strategic Visioning
 August 6, 2014
 Attachment 4
 Page 1 of 1



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Uses allowed in the LI 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

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

DRAFT

Falcon Field Strategic Vision Commission

FOR DISCUSSION PURPOSES ONLY

August 2014

Table of Contents - ORDER HAS YET TO BE DETERMINED

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

Falcon Field Economic Activity Area

Strategic Vision

Objective

The Falcon Field Economic Activity Area (FFEAA) Strategic Vision process is a concerted effort to establish a strategic economic development direction for the Airport and surrounding non-residential area in Northeast Mesa to guide future development efforts. The visioning process will generate a strategy critical to providing a course of action to support and retain existing on- and off-airport businesses, attract new businesses that provide high-quality jobs to the Falcon Field Economic Activity Area and to protect it from residential pressure and encroachment. Basic analysis of Mesa's strengths, weaknesses, and opportunities, as well as an examination of untapped growth sectors and external barriers to success will frame the strategy. *A high-quality job is defined as a full-time equivalent position that pays an annual wage at or above 125% of the annual median wage (\$35,275) for Maricopa County or \$44,094 (2013).

Strategic Vision

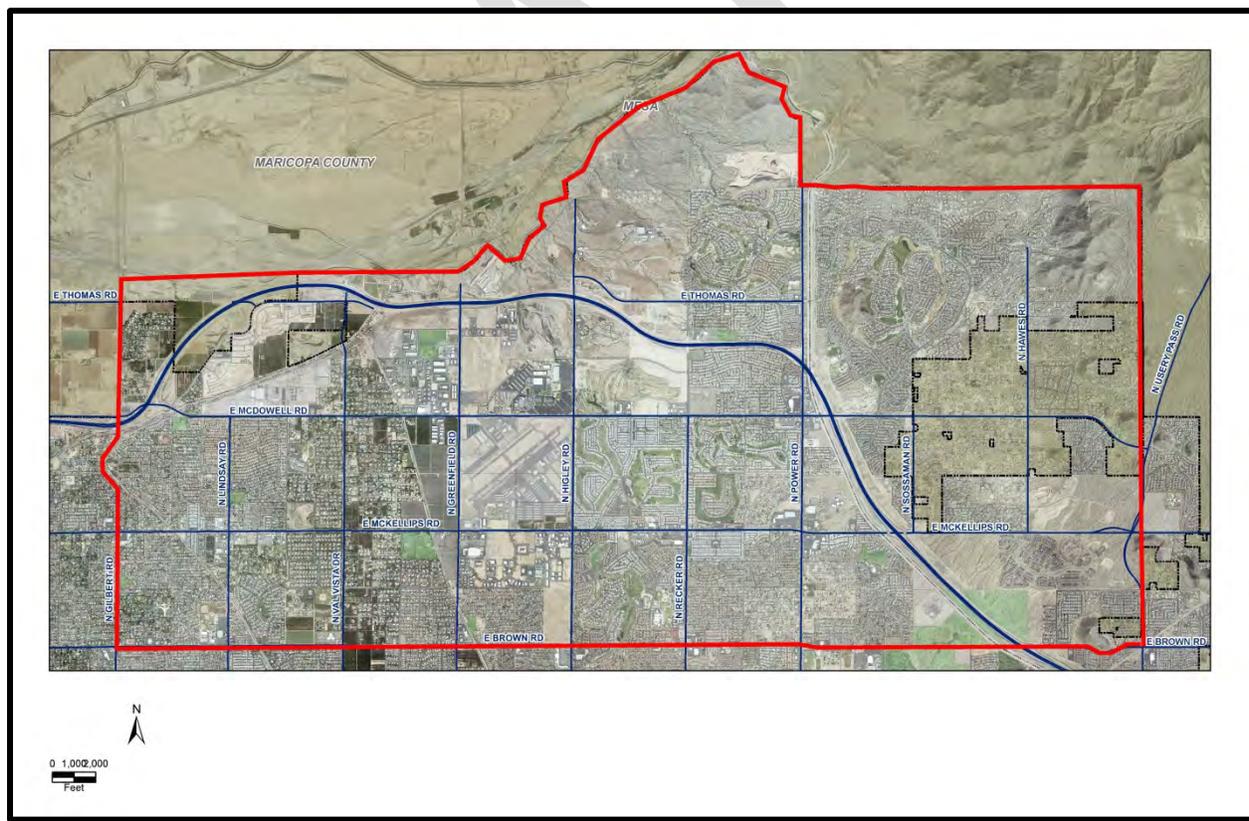
The Falcon Field Economic Activity Area (FFEAA) will be recognized locally and nationally as a vibrant aerospace, aviation, and defense hub – a premier location for companies in industry sectors seeking a highly attractive, competitive operating environment in which to grow. Anchored by a city-owned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

Falcon Field Economic Activity Area (FFEAA)

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

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

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



FFEAA Business and Industry Profile

The entire Falcon Field Economic Activity Area (FFEAA) is home to 18,947 employees and 671 companies in numerous industries. The categories are pre-determined industry clusters created by Maricopa Association of Government (MAG) to group similar businesses together. From an employee perspective, the High Tech Manufacturing & Development cluster employs the greatest amount of people at 30.1% of total FFEAA employment despite representing only 2.8% of the total companies. Therefore, the amount of employment is much denser for this industry cluster than in areas such as Retail or Consumer Services. The High Tech Manufacturing & Development cluster includes the major aerospace companies like Boeing, MD Helicopters, Nammo Talley and The Timken Company. Other larger industries, based on total employees, in the area include Business & Consumer Services (14.5%), Retail (8.9%), Construction (13%), and Transportation & Distribution (7%).

Chart A:

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*

FFEAA Growth from 2007-2013

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

Chart B:

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

*Source: MAG: MAG utilizes data from Dunn & Bradstreet, historical data, sampling of companies and community verification

Market Overview

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

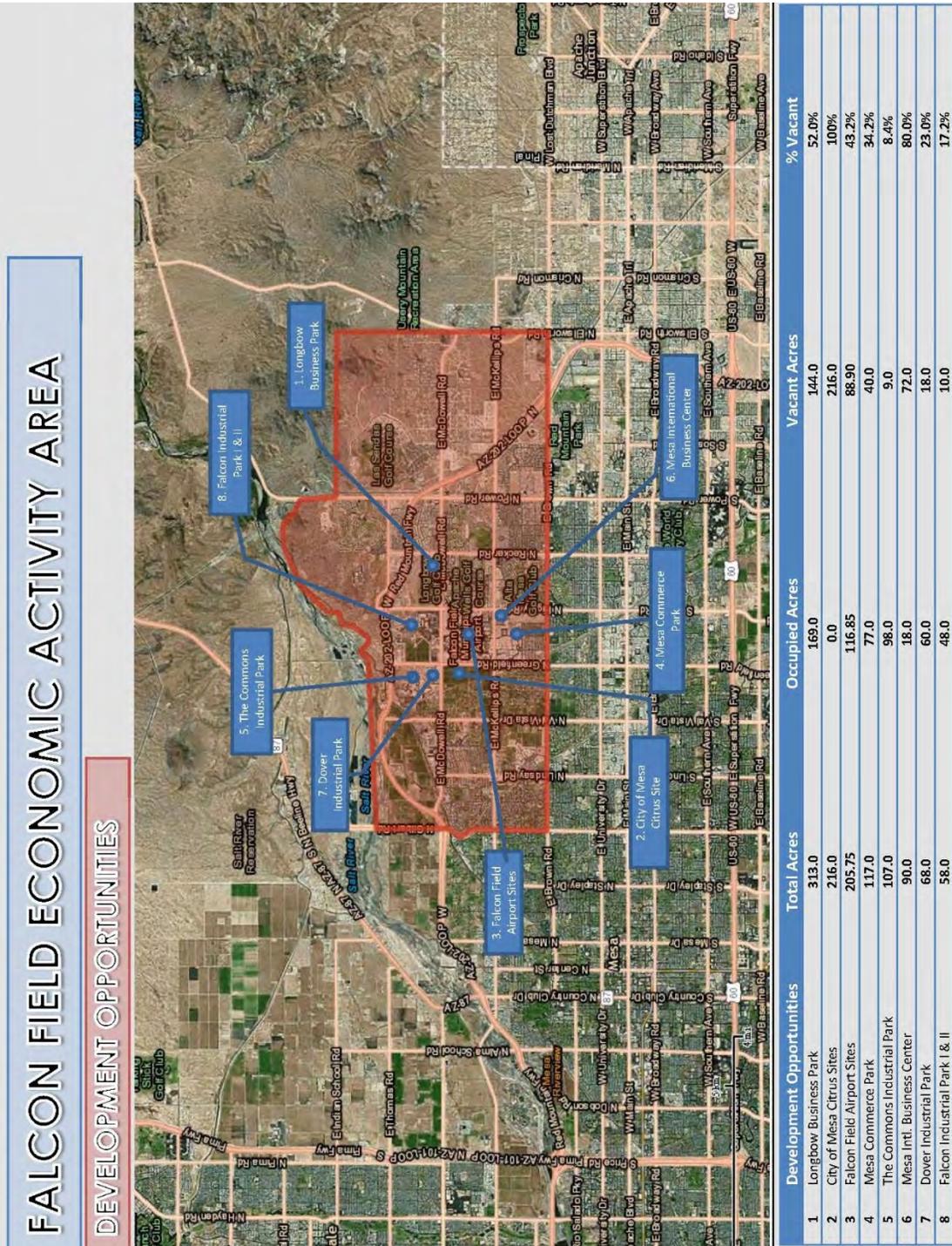
The current Rent Price Per SF and Sale Price Per SF for both the City of Mesa and FFEAA are very similar for industrial and flex properties. However, the Gross Rent Per SF in the City of Mesa is more than 7% higher than in FFEAA and the Sales Price Per SF in the City of Mesa is more than 50% higher than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

Demographics:

The following chart illustrates the City of Mesa basic demographic profile compared to Falcon Field Economic Activity Area demographic profile.

Chart C:

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



Available Space for Development

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

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

The City of Mesa has made a deliberate effort to streamline development processes, update infrastructure and improve marketing efforts for the FFEAA which is likely to explain some of the positive gains in the Area during the recession. These data below may dispel the idea that the Area is disproportionately struggling compared to other areas of the City. Additionally, the City has worked closely with Greater Phoenix Economic Council (GPEC) and the Arizona Commerce Authority to propose multiple sites and properties within the FFEAA for project inquiries.

Over the FY 2012-2014 timeframe, Mesa staff responded to 20 specific E-Tracks from GPEC and ACA that included FFEAA properties and/or buildings. The chart below provides a breakdown of E-Tracks that included FFEAA properties and buildings.

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

Chart D: Highlighted fields indicate projects still active

Falcon Field: Properties Submitted for E-Tracks							
In fiscal years 2012/2013 & 2013/2014, 40 properties were submitted in the Falcon Field area for 20 E-Tracked Projects from the Arizona Commerce Authority and Greater Phoenix Economic Council. These 20 projects together totaled 5,196 jobs with a weighted ave wage of \$47,842, \$426.5 million in capital investment, and over 2.3 million in total sq ft requirements. Also note that out of these 20 projects, 12 were looking for existing facilities, 5 were considering existing or build-to-suit, and 3 were only looking for build-to-suit.							
Fiscal Year 2012/2013 - 56 Total E-Tracks							
Name of Project	# Submitted from Falcon Field	Type	Falcon Field Location(s) Submitted	# of Jobs	CapEx	Avg. Wage	Square Footage of Facility
Twelve	2	Existing	3450 N. Higley Rd. Building 1 and Building 2	75	-	\$45,000	25,000
PB	1	BTS	Greenfield Rd. and Loop 202	70	-	\$72,000	-
Sea Change	2	Existing	Falcon Field Airport "East Parcel" and "Orchard Property"	400	-	\$41,000	300,000
Speed	4	Existing	Longbow, Loop 202 & Greenfield, SWC McKellips Rd & Ivy St, SWC Greenfield & McDowell	65	\$500,000	\$48,000	15,000
Spectrum	1	Existing	4310 E. McDowell Rd.	43	-	-	14,000
Radiate	3	Existing	5550 E. McDowell Rd. Building A & B, NWC Greenfield & McDowell	20	\$60,000,000	\$70,000	-
Broadway	3	Existing	4310 E. McDowell Rd., 4738 E. Ingram St., 3110 N Oakland Rd	100	-	-	25,000
Mario	1	Existing	4310 E. McDowell Rd.	100	-	-	30,000
# of Projects w/ FF submission = 8 (14% of E-Tracks in 12/13)	17		FY 12/13 Sub-Totals	873	\$ 60,500,000	\$ 46,563	409,000
Fiscal Year 2013/2014 - 49 Total E-Tracks							
Name of Project	# Submitted from Falcon Field	Type	Falcon Field Location(s) Submitted	# of Jobs	CapEx	Avg. Wage	Square Footage of Facility
Sanus	5	BTS	Longbow, NW Loop 202 & Recker Rd, N. Recker Rd @ McKellips, 3150 N Recker Rd, NE Virginia St & Greenfield	471	\$35,000,000	\$47,291	350,000
Powder	2	Existing or BTS	NEC Higley & Thomas Rd, NEC Virginia St. & Greenfield Rd	42	\$61,000,000	\$66,000	115,000
Northsight	2	Existing	4738 E. Ingram, 4151 E Quartz Cir	55	\$5,000,000	\$45,000	40,000

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

DRAFT

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 FFEA:

1. Strengths

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

2. Challenges

- a. Perceived air traffic congestion due to flight training
- a. Lack of defined value proposition, key differentiators which are critical to the visioning process and to developer 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
- b. Office, industrial and flex land values and rents are higher than comps in Scottsdale, North Phoenix, Goodyear, and others. Cost of land and leases not competitive for our market

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

3. Opportunities and Untapped Growth Sectors

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

4. Potential Barriers to Success

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

Target Industries for FFEAA

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

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

Tier One Industries

Aerospace/Aviation & Defense

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

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

Advanced Business Services

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

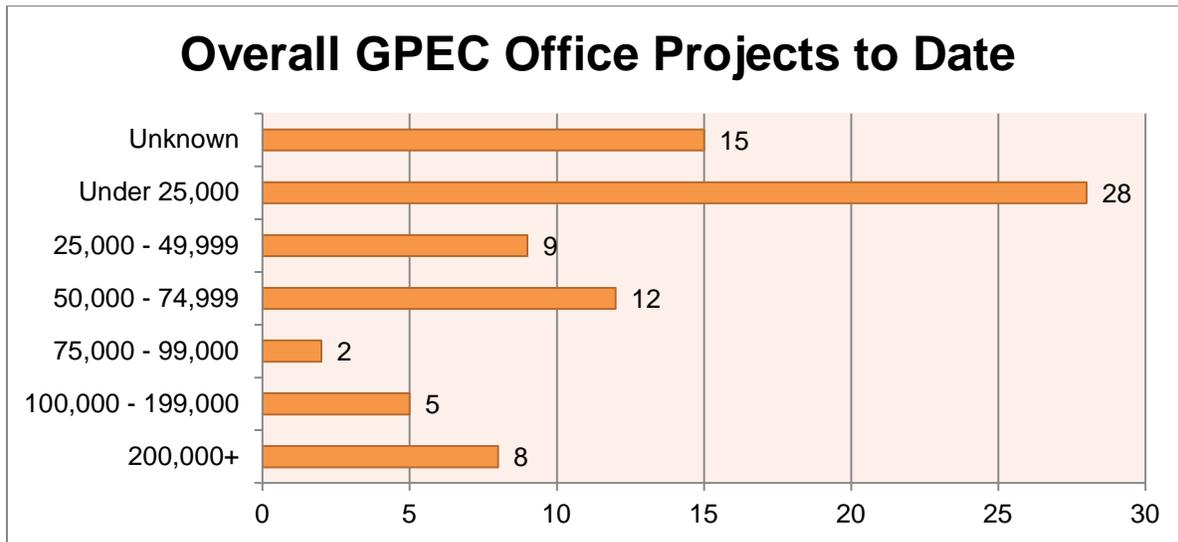
Advanced Business Services or ABS generally encompass enterprises that:

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

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

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

Chart E:



Tier Two Industry

Tourism

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

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

In addition to activities using the natural features of the area, the City should work to promote Sport Tourism, utilizing existing parks: Quail Run, Gene Autry and Red Mountain as well as planned park sites and other open space areas such as the City’s extensive orange groves as prime locations. These sporting complexes can attract events and tournaments subsequently driving hotel booking and retail/restaurant

activity. This will elevate Mesa as a regional and national sports recreation destination and infuse the area with new dollars from outside the region.

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

DRAFT

FALCON FIELD ECONOMIC ACTIVITY AREA

STRATEGIC PLAN

DRAFT --- AUGUST 2014 --- DRAFT

GOALS AND STRATEGIES

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

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

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

BUSINESS DEVELOPMENT

Goal 1. Create and Retain Quality Jobs

To attract, grow and retain FFEAA jobs, increase capital investment, expand the tax base, and grow industries the FFEAA.

Objective 1:

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

Strategies:

- a) Direct City staff to investigate and/or propose methods, programs or incentives to spur development within the Area which may include creation of new tools (financial resources, self-certification, flexible zoning and/or overlays, signage, evaluating lease terms and airport fees, non-traditional resources)
- b) Develop and implement a program to market to major commercial brokerage institutions in the Phoenix-Mesa area to educate them about the opportunity and or available buildings/properties within the FFEAA.
- c) Respond strategically to leads from the Greater Phoenix Economic Council (GPEC), Arizona Commerce Authority (ACA), as well as leads from other partners.
- d) 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.
- e) Work with partners to create strategies and winning solutions for project proposals to the Arizona Commerce Authority, GPEC, brokerage inquiries, etc.
- f) Build relationships with key site selection professionals and commercial real estate brokers in an effort to increase direct lead generation.
- g) Work with existing land and building owners to cooperatively market (CoStar service), brand and price their land and facilities accordingly.
- h) Prioritize “game changer tenants” or Tier I companies and develop a plan to pursue them.
- i) Develop a strategy and timeline to address fiber infrastructure opportunities.

Supporting Tactics May Include:

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

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) 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.

Objective 3.

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

Strategies:

- a) Conduct a feasibility study to determine the economic potential of Red Mountain Park and or the City orange groves into a City-owned and operated “Mega Sports Complex”.
- b) Conduct a Visitor Profile study to determine the potential of subsector markets in the tourism industry (cultural traveler, youth sports, outdoor adventurer, culinary arts, etc.) and the potential opportunity to build product in FFEAA to maximize the opportunity those travelers may provide Mesa.
- c) Work closely with Visit Mesa to identify synergies between tourism and economic development agencies to maximize resources and increase awareness of FFEAA as a business and travel destination.
- d) Leverage City of Mesa-owned real estate and utilities within the FFEAA to add value to city site proposals and packages.
- e) Direct City staff to examine to ncing Airport operations and ensuring long-term sustainability such as lease fees, landing fees, taxes, etc.

Business Development Performance Measures / Defining Success / Deliverables:

- Increase the number of quality, high-wage jobs created in FFEAA by 10 percent over the next three years.
- Increase the capital investment made in FFEAA over the next three years
- FFEAA will have an annual report card highlighting progress and accomplishments.

BRANDING AND MARKETING

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

Objective 1:

Create a brand strategy for FFEAA.

Strategies:

- a) Develop a new brand for FFEAA.
- b) City staff to coordinate a stakeholder committee 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.

Objective 2:

Create a marketing and communications plan for FFEAA.

Strategies:

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

Branding and Marketing Performance Measures / Defining Success / Deliverables:

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

Appendix

DRAFT

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

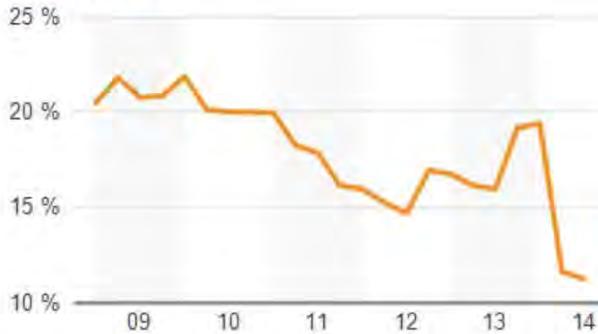
Inventory	Survey	5-Year Avg
Existing Buildings	895	889
Existing SF	18,712,605	17,622,837
12 Mo. Const. Starts	13,923	504,329
Under Construction	0	660,141
12 Mo. Deliveries	28,948	395,040

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

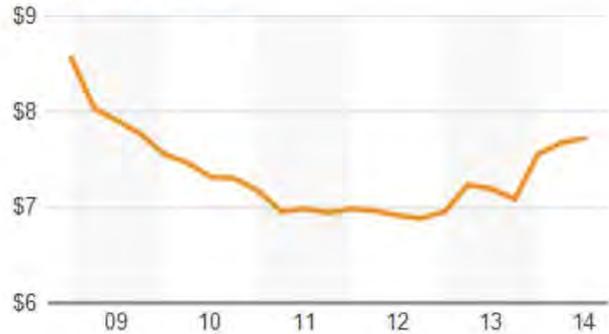
Sales	Past Year	5-Year Avg
Sale Price Per SF	\$74	\$67
Asking Price Per SF	\$81	\$71
Sales Volume (Mil.)	\$149	\$66
Cap Rate	8.4%	7.2%

*Source for all data is CoStar - July 2014

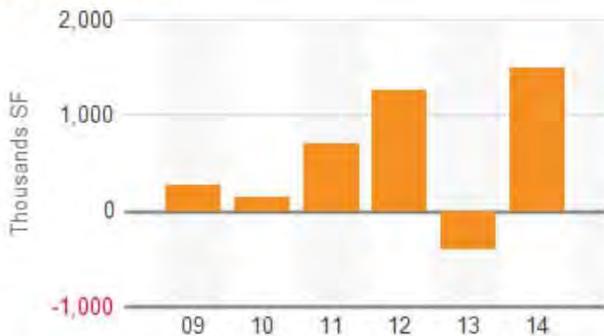
Vacancy Rate



Asking Rent Per SF



Net Absorption



Probability of Leasing in Months

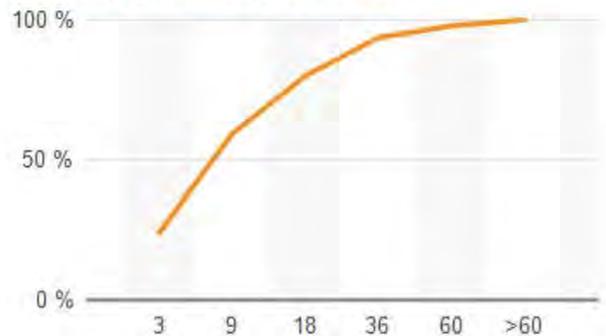


Exhibit 3

Falcon Field Industrial and Flex Space Summary

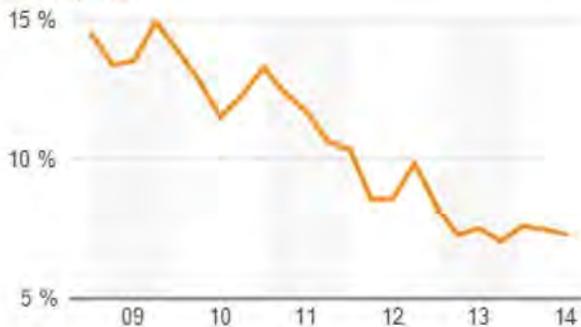
*Last 12 months = July 2013 - June 2014

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			

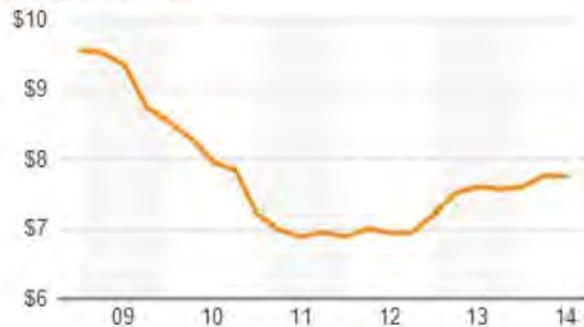
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	25,863	57,123	Sale Price Per SF	\$71	\$69
12 Mo. Leasing SF	181,172	150,677	Asking Price Per SF	\$89	\$82
			Sales Volume (Mil.)	\$12	\$11
			Cap Rate	6.8%	6.8%

*Source for all data is CoStar - July 2014

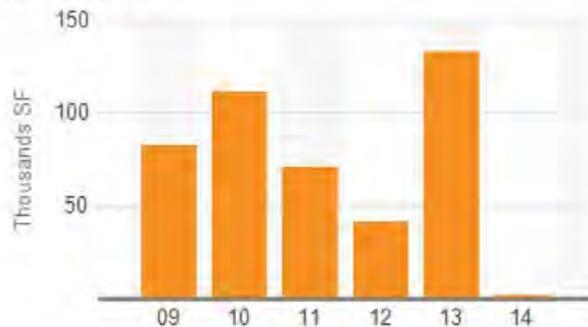
Vacancy Rate



Asking Rent Per SF



Net Absorption



Probability of Leasing in Months

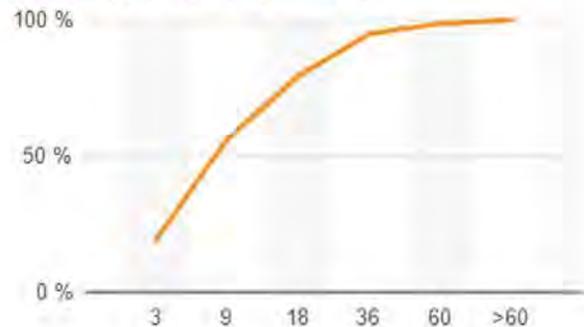


Exhibit 4

City of Mesa Office Space Summary

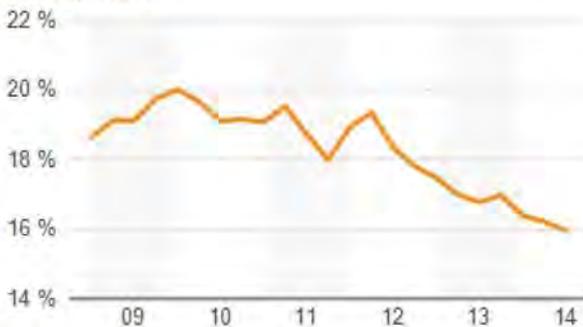
*Last 12 months = July 2013 - June 2014

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			

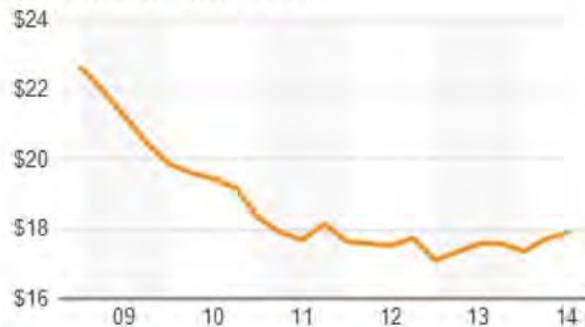
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	112,438	103,070	Sale Price Per SF	\$125	\$92
12 Mo. Leasing SF	464,392	577,715	Asking Price Per SF	\$105	\$106
			Sales Volume (Mil.)	\$62	\$35
			Cap Rate	7.7%	9.1%

*Source for all data is CoStar - July 2014

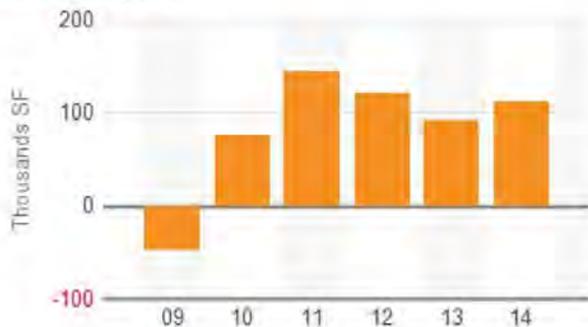
Vacancy Rate



Gross Asking Rent Per SF



Net Absorption



Probability of Leasing in Months

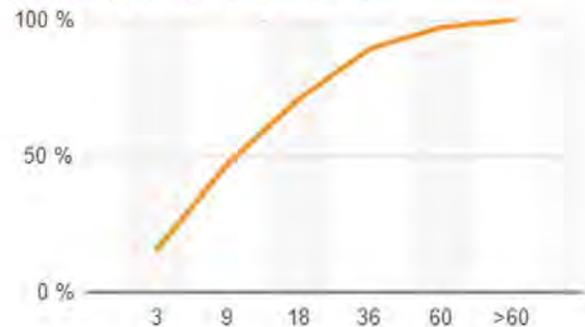


Exhibit 5

Falcon Field Office Space Summary

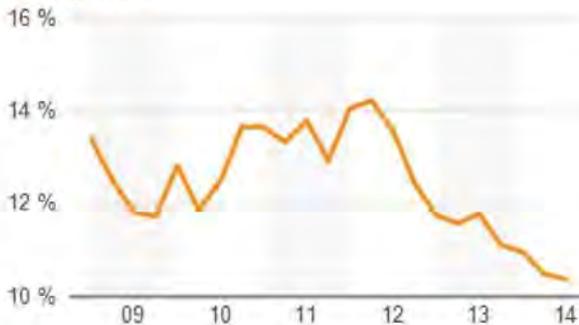
*Last 12 months = July 2013 - June 2014

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			

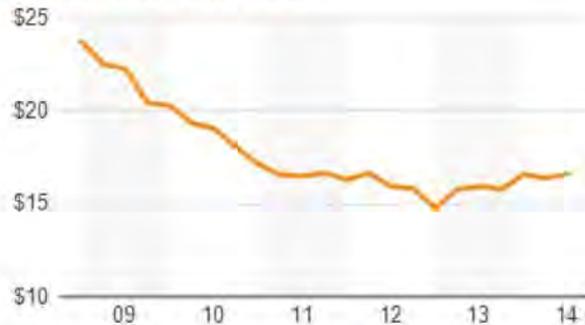
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	15,892	8,325	Sale Price Per SF	\$74	\$66
12 Mo. Leasing SF	38,592	35,922	Asking Price Per SF	\$116	\$107
			Sales Volume (Mil.)	\$3.2	\$3.0
			Cap Rate	9.0%	10.3%

*Source for all data is CoStar - July 2014

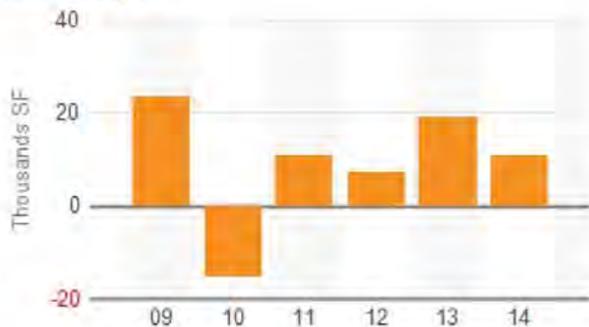
Vacancy Rate



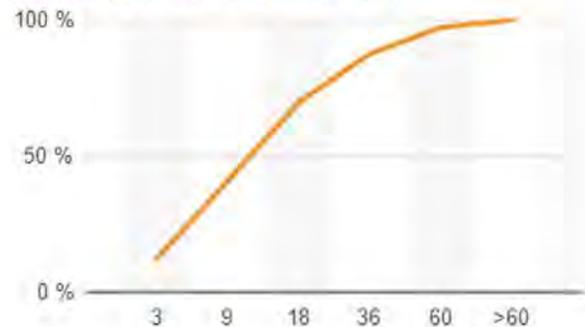
Gross Asking Rent Per SF



Net Absorption



Probability of Leasing in Months



To: Falcon Field Strategic Visioning Commission

From: Scot Rigby, Senior Project Manager 

Date: June 26, 2014

Re: List of Local, State and Federal Programs/Incentives available

Please find the attached compilation of State and Federal programs and incentives that Mesa has used or have available to be utilized by businesses and or developers. 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 past City tools the City has used to spur development is shown below.

- **Public Infrastructure Improvements:** Utilized by the City for a number of years, installing City 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. Ray Road, down in the Gateway Area, is a great example of proactively installing water, wastewater and the first two lanes of the road to help spur development. The road and utilities installed in Ray Road directly enable Eastmark and Grand Canyon University to development and will be the future utilities tie into Gateway's future East Side Terminal. The streets and utilities installed as part of the Cubs, Wrigleyville West and Riverview Park development created ready to develop building pads for ends users such as the under construction Sheraton Hotel and Conference Center
- **Proactive Entitlements:** Several years ago when General Motors sold off their Proving Grounds in Southeast Mesa, and in conjunction with City's effort to set the vision of the Gateway Area, the City worked with DMB to develop a new zoning classification that enables DMB to have the flexibility to move approved uses within their development around based on development needs. First Solar, Grand Canyon University, and now Apple are key examples of how this flexible zoning succeeds in business recruitment efforts. In an effort to create this flexibility in other regions of the City, City Council is encouraging staff to look at methods, such as Planned Area Development Overlays, to provide similar types of flexibility to other properties. The Mesa Tech Corridor and the Wrigleyville West PAD are City initiated entitlements efforts designed to spur development.
- **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 agree to 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.

- **Making City Properties available for development:** The City over the years has shown a willingness to make available City properties for development either through lease and or sale. The Goldwater Library, Encore on 1st and the City's Wrigleville West development adjacent to Cubs Park are great examples of the City's willingness to attract new development into the City.
- **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 and the end user 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.

City of Mesa, Arizona

Business Incentives and Programs

Significant benefits exist for businesses in high-impact industries creating high-wage jobs, making large capital investments or locating in special zones in Mesa.

Mesa Specific Incentive Programs
Development Partnership Opportunities
Mesa's Military Reuse Zone
Foreign Trade Zone #221
Section 108 Loan Fund
Downtown Sprinkler Cost Assistance Program

Loans & Grants
Innovation Accelerator Fund
Private Activity Bonds
AZ Fast Grant
AZ STEP Grant

Business Assistance
Development Assistance
Site Selection
Small Business Development

State Incentives & Programs
Additional Depreciation
Arizona Job Training Program
Arizona's R&D Refundable Tax Program
Commercial/Industrial Solar Energy Tax Credit
Pollution Control Tax Credit
Renewable Energy Tax Incentive
Quality Jobs Tax Credit

Have a Specific Question?
Contact the City of Mesa Office of Economic Development for specific information regarding incentive programs. Allow us to customize a proposal that meets your goals and timeframe. Tell us about your project or call 480.644.2398 to speak with a Project Manager.

Office of Economic Development

Mesa's Economic Development Office and its Director Recognized with Prestigious EDDE Awards

Featured Projects...

LaunchPoint: Mesa Accelerator
Mesa Educates U Scholarship
How Mesa Became a College Town
Mesa Center for Higher Education
Benedictine University Campus

AZLabs

Mesa's Algae Industry

PO Box 1466
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Office Hours
Monday - Thursday
7:00 am - 6:00 pm
Closed Fridays



William J. Jabjiniak
Economic Development Director

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Helpful Links:

Mesa Chamber of Commerce

Visit Mesa

Downtown Mesa Association

Arizona Commerce Authority

Greater Phoenix Economic Council

Better Business Bureau

Full list of helpful links

City of Mesa, Arizona

Mesa's Foreign Trade Zone #221



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. FTZs are secured areas and merchandise in a zone is considered outside the customs territory of the U.S. for formal entry procedures only. Foreign merchandise admitted to a zone is within the territory and jurisdiction of the U.S. and is considered imported. FTZ sites remain within the jurisdiction of local, state and federal governments or agencies. The FTZ program helps encourage activity and value-added at U.S. facilities in competition with foreign alternatives by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings.

The Grantee for the Mesa FTZ is the City of Mesa and the program is administered by the Office of Economic Development. The Mesa FTZ is located at PHX-Mesa Gateway Airport. An FTZ Subzone can be designated in another Mesa location when a company is unable to operate effectively at the existing zone site.

FTZ Benefits

- **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.
- **Logistical Benefits.** Companies using FTZ procedures may have access to streamlined CBP procedures (e.g. "weekly entry" or "direct delivery")
- **Property Tax Benefit.** Arizona provides a lower assessment ratio for activated foreign trade zone or subzone sites. 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.

Information and Questionnaire

The Office of Economic Development is available to assist your company with the understanding the benefits and eligibility for your business of the Foreign Trade Zone. For more information on eligibility or to request a questionnaire contact [Shea Joachim](#).

[Mesa's Foreign Trade Zone No. 221 Overview](#)

[Zone Schedule - Charges, Rates, Rules and Regulations](#)

[U.S. Foreign Trade Zone Board](#)

Office of Economic Development

Mesa's Economic Development Office and its Director Recognized with Prestigious EDDE Awards

Featured Projects...

- [LaunchPoint: Mesa Accelerator](#)
- [Mesa Educates U Scholarship](#)
- [How Mesa Became a College Town](#)
- [Mesa Center for Higher Education](#)
- [Benedictine University Campus](#)

[AZLabs](#)

[Mesa's Algae Industry](#)

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7:00 am - 6:00 pm
Closed Fridays



William J. Jabjiniak
Economic Development Director

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[Visit Mesa](#)

[Downtown Mesa Association](#)

[Arizona Commerce Authority](#)

[Greater Phoenix Economic Council](#)

[Better Business Bureau](#)

[Full list of helpful links](#)

What is Section 108 Loan Guarantee Program?

Recently, the City of Mesa was awarded \$16.9 million of the Community Development Block Grant (CDBG) for a Section 108 Loan Guarantee from the U.S. Department of Housing and Urban Development (HUD) for an Economic Development Loan Fund.

Projects assisted with this Section 108 loan fund will be primarily to benefit low and moderate-income individuals by creating jobs, and may also be used to help eliminate conditions of slum or blight, when deemed appropriate.

Who is eligible for the Loan Guarantee?

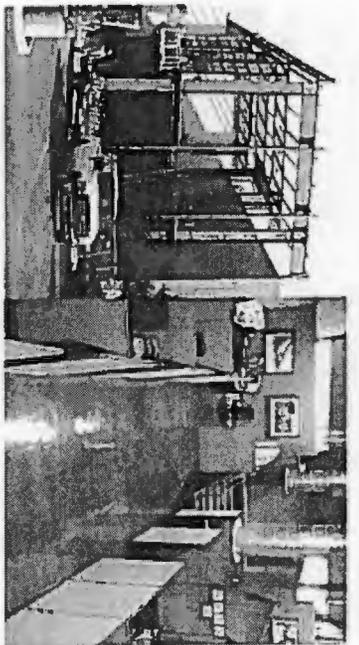
Section 108 Loan Guarantee may be utilized by a business, property owner or developer needing financing for development projects. Nationally, more than 1,200 successfully completed projects have utilized this program.

What are eligible activities?

The following activities are eligible for the Section

108 Loan Fund:

- Real property acquisition
- Rehabilitation of real property
- Relocation
- Clearance and demolition
- Site preparation
- Public facilities improvements
- Issuance costs
- Capitalized interest
- and Reserves



What is the process for applying for the loan guarantee?

- A business, property owner or developer submits a letter of application to Mesa's Office of Economic of Development addressing preliminary questions as described in the Guidelines.
- The City of Mesa processes the application. Typically, the process ranges between 90 to 120 days.
- Section 108 loan fund guidelines require that at least one full-time equivalent (FTE) permanent job is created or retained per \$35,000 of Section 108 funds used for a project.
- Minimum loan amount per project is \$500,000 which translates to a minimum of 14 jobs created or retained.

What is the Interest Rate?

The interest rate for the Section 108 loan fund will be determined, in part, by the cost of funds on the money from HUD. Permanent financing interest rates are pegged to yields on U.S. Treasury obligations of similar maturity plus additional costs that are determined on a case-by-case basis. Interim period or "construction period" interest rates are priced by the 3-month London Interbank Offered Rate (LIBOR) as published in the Wall Street Journal.

What is the Loan Term?

The typical loan term for the Section 108 loan fund is 15 years. However, certain projects may be able to take advantage of a longer amortization period. Loan terms are determined on a case-by-case basis.

Subordination

Section 108 loans can be in a subordinate position to conventional financing if necessary, however several underwriting guidelines must be met.

Collateralization

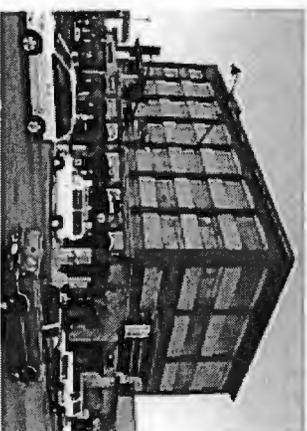
Section 108 loans will typically be secured in the form of a deed of trust collateralized (100%) by the pledge of real property and/or improvements.

Combined Loan-To-Value (LTV)

The maximum combined loan-to-value for a Section 108 loan is 80%.

Empowered to help you build your business

The City of Mesa Office of Economic Development is committed to provide you the service and solutions to meet your project schedule. The Office of Economic Development works closely with our clients throughout all phases of the development process and we look forward to helping grow your business in Mesa.





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ARIZONA: INCENTIVES

MILITARY REUSE ZONE

The Military Reuse Zone (MRZ) was established by the state legislature in 1992 to lessen the impact of military base closures. Currently there are two Military Reuse Zones in Arizona. In 2001, the MRZ designation was renewed for the former Williams Air Force Base, now known as Williams Gateway Airport. In December 2002, the former U.S. Naval Air Facility in Goodyear, now known as Phoenix/Goodyear Airport, was designated as an MRZ.

An applicant for the MRZ program must be located within an MRZ to qualify for three types of benefits:

- **Transaction Privilege Tax Exemption** – Exemption from transaction privilege tax on contracts for certain types of construction at an MRZ
- **Tax Credits** – Arizona income/premium tax credits for up to five years for each net new job created, totalling up to \$7,500 per non-dislocated employee and up to \$10,000 per dislocated employee
- **Property Reclassification** – Both real and personal property can be reclassified from class one (20% assessment ratio) to class six (5% assessment ratio), which may result in property tax savings of up to 75% for a period of five years

GENERAL INFORMATION:

- [Summary](#)
- [Guidelines](#)
- Contact the [Program Manager](#) for additional information
- Pursuant to A.R.S. §41-1504(C)(1), the ACA is authorized to begin assessing and collecting fees for processing applications and administering tax incentive programs. The fee schedule is available by [clicking here](#).

ELIGIBLE APPLICANTS INCLUDE:

1. Airport Authorities;
2. Aviation or Aerospace companies – a company that manufactures, assembles, or fabricates aviation or aerospace products or is a provider of aviation or aerospace services;
3. Insurers.

To download the appropriate forms and instructions to apply for MRZ benefits, click on the applicable link below:

ARIZONA

Incentives

- Job Training
- Quality Jobs
- Qualified Facility
- Computer Data Center Program
- Research & Development
- Foreign Trade Zone
- Military Reuse Zone**
- Angel Investment
- Renewable Energy Tax Incent
- Commercial/Industrial Solar
- SBIR/STTR
- Additional Depreciation
- Healthy Forest
- Lease Exclse
- Sales Tax Exemption for Mach and Equipment
- Work Opportunity
- Private Activity Bonds
- QECB
- Renewable Energy Production Credit





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ARIZONA: INCENTIVES

QUALITY JOBS

The primary goal of the Quality Jobs tax credit is to encourage business investment and the creation of high-quality employment opportunities in the state. Quality Jobs accomplishes this goal by providing tax credits to employers creating a minimum number of net new quality jobs and making a minimum capital investment in Arizona.

The Quality Jobs tax credit offers up to \$9,000 of Arizona income or premium tax credits spread over a three-year period for each net new quality job (\$3,000 per year). The program encourages continuous employment, therefore, the tax credit is equal to:

Years of Employment	Tax Credit Amount
First year:	\$3,000 per net new qualified employment position created during the taxable year or partial year of employment.
Second year:	\$3,000 per qualified employment position, employed for the second full taxable year of continuous employment.
Third year:	\$3,000 per qualified employment position, employed for the third full taxable year of continuous employment.

If the allowable tax credit exceeds the income or premium tax liability, any unused amount may be carried forward for up to five consecutive taxable years.

The Quality Jobs tax credit is capped at 10,000 jobs being claimed each year by all participants. To view the amount of available cap, please download the [Tax Credit Allocation Table](#).

Eligible Applicants

Any company making the minimum capital investment in Arizona and creating the minimum net new quality jobs can apply. Eligibility qualifications are different for rural and metro areas and are described in the chart below.

Area Definition	Min. Jobs	Min. Capital	Qualified Job
Metro Area – Counties with a population of 800,000 or more, excluding municipalities of 50,000 or less	25	\$5M	Is a net new full-time and permanent position that pays 100% of median county wage and the company offers to pay 65% of health insurance costs of the employee

5 \$1M

ARIZONA

Incentives

- Job Training
- Quality Jobs**
- Qualified Facility
- Computer Data Center Program
- Research & Development
- Foreign Trade Zone
- Military Reuse Zone
- Angel Investment
- Renewable Energy Tax Incent
- Commercial/Industrial Solar
- SBIR/STTR
- Additional Depreciation
- Healthy Forest
- Lease Excise
- Sales Tax Exemption for Machinery and Equipment
- Work Opportunity
- Private Activity Bonds
- QECB
- Renewable Energy Production Credit



Rural Area - Counties with a population of less than 800,000 and municipalities of less than 50,000 within counties of more than 800,000

Is a net new full-time and permanent position that pays 100% of median county wage and the company offers to pay 65% of health insurance costs of the employee

General Information

NEW! [Program Guidelines 2013](#)

NEW! [Program Summary 2013](#)

An overview of noteworthy changes can be downloaded by [clicking here](#).

[County Median Wage](#)

For more detailed information please see below or direct questions to the [Program Manager](#).

Application Process

Pre-Approval for Tax Credits

A taxpayer must apply for Pre-approval by submitting an electronic Request for Pre-Approval. To access Tax year 2013 forms, please [click here](#). Tax year 2011 and 2012 forms are located below.

If the Request for Pre-Approval is qualified, Commerce will issue a written notification of pre-approval to the company that identifies the amount of tax credits being reserved for the taxpayer.

Applying for Tax Credits

A taxpayer must also submit an electronic Application for Quality Jobs Tax Credits to Commerce. To access Tax year 2013 forms, please [click here](#). Tax year 2011 and 2012 forms are located below.

If the applicant meets all eligibility requirements, Commerce will issue a Tax Credit Allocation Letter to the taxpayer identifying the credit the taxpayer may be able to claim with the Arizona Department of Revenue (Revenue) or the Arizona Department of Insurance (Insurance), as applicable.

2011 -- 2012 Application Materials

- [Program Summary](#)
- [Program Guidelines](#)
- [ACA Ruling 12-02 \(QJTC\)](#)
- [Application for Quality Jobs Tax Credits](#)
- [QJTC Form 2](#)

Legislative Information

- The QJTC program is established under [A.R.S. 6+1-1525](#).
- Income tax credits - [A.R.S. 6+3-1074](#) or [93-1161](#)
- Premium tax credit - [A.R.S. 620-224.03](#)

Business First	Locate	Expand	Start Up	Industries	Resources
Low Cost of Doing Business	Incentives Programs	Incentives Programs	Incentives Programs	Aerospace & Defense	Economy
Skilled Available Workforce	Community Profiles		Innovation in Arizona	Technology & Innovation	Skilled Workforce
Streamlined Regulation	International Business Services		Small Business Checklist	Renewable Energy	Infrastructure
Access to Major World Markets				Bioscience & Health Care	AZ Accolades
Simplified Tax System				Optics/Photonics	Video Gallery
Exceptional Quality of Life				Advanced Manufacturing	
				Advanced Business Services	



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ARIZONA: INCENTIVES

RENEWABLE ENERGY TAX CREDIT

The Renewable Energy tax credit ([A.R.S. §41-1511](#)) was established by the Arizona legislature in 2009 to promote the renewable energy industry in the state. During the 2010 legislative session, technical corrections were proposed through [Senate Bill 1201](#). These amendments became effective on July 29, 2010 and are retroactive to September 30, 2009.

The goal is to encourage business investment that will produce high quality employment opportunities and enhance Arizona's position as a center for production and use of renewable energy products. The tax credit accomplishes this goal by providing tax credit to companies in the solar, wind, geothermal and other renewable energy industries who are expanding or locating in Arizona. The tax credit offers two benefits; up to a 10% refundable income tax credit and up to a 75% reduction on real and personal property taxes.

For more detailed information please see below or direct questions to the [Program Manager](#).

- [Guidelines](#)
- [Summary](#)

BASIC ELIGIBILITY REQUIREMENTS

A company may be eligible for tax credit, if it:

- Is primarily (more than 50%) engaged in the manufacturing of or headquarters for producing systems and components that are used or useful in manufacturing renewable energy equipment
- Is expanding or locating either a renewable energy manufacturing or headquarters facility in Arizona
- Creates full-time employment positions of which at least 51% are paid at least 125% of the state's annual median wage
- Offers to pay at least 80% of the health insurance costs for all net new full-time employment positions
- Spends at least \$250,000 in qualifying investments during each twelve-month period

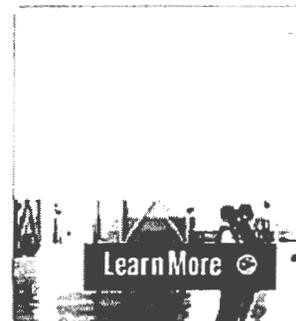
INCENTIVE OVERVIEW

Income Tax Credits: Arizona Commerce Authority (Commerce) may authorize up to \$70 million per calendar year in tax credits to qualified companies beginning January 2013 through December 2019. The tax credits will be authorized on a first-come, first-served basis, according to a priority placement number assigned by the ACA at the time of Pre-Approval. It is important to note that the program cap

ARIZONA

Incentives

- Job Training
- Quality Jobs
- Qualified Facility
- Computer Data Center Program
- Research & Development
- Foreign Trade Zone
- Military Reuse Zone
- Angel Investment
- Renewable Energy Tax Incentive**
- Commercial/Industrial Solar
- SBIR/STTR
- Additional Depreciation
- Healthy Forest
- Lease Excise
- Sales Tax Exemption for Machinery and Equipment
- Work Opportunity
- Private Activity Bonds
- QECB
- Renewable Energy Production Credit



(\$70MM) is shared between the [Qualified Facility program](#) and the Renewable Energy tax incentive. Download the [Tax Credit Allocation Table](#) to view the amount of tax credits available this year.

Businesses making new qualifying investments in manufacturing and/or headquarter operations in Arizona in renewable energy industries are eligible for a tax credit if they meet the following requirements:

- At least 51% of the net new full-time employment positions are paid 125% or more of the state's annual median wage; and
- The company offers to pay at least 80% of the employee's health insurance costs for a net new full-time employment positions at the facility.

The tax credit amount is based on the total qualifying investment made and the number of jobs being created by the company. To generate tax credits a renewable energy manufacturing companies must create 1.5 new full-time jobs for every \$500,000 of capital investment. Alternatively a renewable energy headquarters operation must create 1 new full-time job for every \$200,000 of capital investment.

Property Tax Reduction: Businesses making new qualifying investment of \$25 million or more in Arizona in manufacturing and/or headquarter operations in renewable energy industries are eligible for:

- 10 years of property tax savings, if the company pays at least 51% of the net new full-time employment positions between 125% and 199% of the annual median wage.
- 15 years of property tax savings, if the company pays at least 51% of the net new full-time employment positions 200% or more of the annual median wage.

Both the real and personal property can be reclassified to Class 6 property for both primary and secondary property tax purposes.

APPLICATION PROCESS

To become a qualified company and receive pre-approval for tax incentives, eligible applicants must follow the process below:

- Note: Prior to submittal of an application to ACA, a company may request a letter of good standing from the Arizona Department of Revenue (Revenue) by submitting form [Tax Clearance Application](#) to Revenue. Further, a company must also request a letter of good standing from the County Treasurer of the county in which the project is located.
- To apply electronically for program incentives, [click here](#).
- Upon receipt of an initial application ACA will assign a priority placement number for receipt of tax incentives.
- Within 30 days of receipt of a complete application, the ACA will notify the company of pre-approval or denial. If a company is pre-approved, the ACA will issue a Letter of Qualification to the company and transmit a copy to the Arizona Department of Revenue and the County Assessor.

Note: Pre-approval does not guarantee receipt of tax incentives under this program because pre-approval is issued before the ACA determines final eligibility. The final determination of eligibility will be made after a company applies for post-approval.

FOLLOWING PRE-APPROVAL

Within 12-months of the pre-approval date a company must demonstrate it has spent at least \$250,000 in qualified expenses.

Complete the [12-month Interim Report](#) and attach documentation of qualified expenditures.

AFTER THE FACILITY IS OPERATIONAL

- Once the facility begins operations the company must enter into a written managed review agreement with the ACA. At the company's expense, the company will select a certified public accountant, who is licensed in Arizona and who is approved by the ACA, to conduct the written managed review.



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ARIZONA: INCENTIVES

COMMERCIAL/INDUSTRIAL SOLAR

The primary goal of the Commercial/Industrial Solar Energy Tax Credit Program (Solar Program) is to stimulate the use of solar energy in commercial, industrial and other non-residential applications by subsidizing the cost of solar energy devices. The Solar Program achieves this goal by providing an Arizona income tax credit to offset the cost of installation of a qualifying solar energy device at an Arizona business facility.

The Solar Program is administered by the Arizona Commerce Authority (ACA). Other Arizona solar incentives are available including TPT and property tax incentives administered by the Arizona Department of Revenue (Revenue). For more information and to download Revenue's forms, visit <http://www.azdor.gov/>

TAX CREDIT PROVISIONS & LIMITATIONS

An eligible applicant is a business that purchases a solar energy device and causes the device to be installed at a facility at which the business operates. Tax credits generally equal 10% of the installed cost of the solar energy device up to \$25,000 in tax credits for one facility in a single tax year and up to \$50,000 in total tax credits for one business in a single tax year. Tax credits can be used to offset Arizona income tax liability; any unused credit amounts can be carried forward for up to five tax years.

The ACA cannot certify tax credits under the Solar Program in excess of \$1 million in any calendar year. Therefore, tax credits are allocated on a first come, first served basis, according to the date of receipt of a substantially complete preapproval application. Download the [solar energy allocation table](#) to view the outstanding balance of the current calendar year tax credit "cap."

GENERAL INFORMATION

- [2014 Guidelines](#)
- [Guidelines \(2013 and Prior\)](#)
- For more detailed information, please see below or direct questions to the [Program Manager](#).

LEGISLATIVE INFORMATION

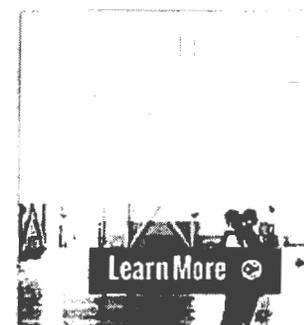
- The Solar Program is established under [A.R.S. § 31-1510.01](#)
- Income tax credit provisions: A.R.S. §§ [43-1085](#) and [43-1164](#)

APPLICATION PROCESS

ARIZONA

Incentives

[Job Training](#)
[Quality Jobs](#)
[Qualified Facility](#)
[Computer Data Center Program](#)
[Research & Development](#)
[Foreign Trade Zone](#)
[Military Reuse Zone](#)
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[Renewable Energy Tax Incentive](#)
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[Lease Excise](#)
[Sales Tax Exemption for Machinery and Equipment](#)
[Work Opportunity](#)
[Private Activity Bonds](#)
[QECB](#)
[Renewable Energy Production Credit](#)



Arizona Incentives - Solar Incentives for Commercial and Industrial Companies | Arizona... Pa

A business that plans to install or has installed a solar energy device at its Arizona facility must follow the process below:

- Submit a Request for Preapproval to the ACA. To apply electronically for program incentives, [click here](#).
- Receive a Preapproval letter from the ACA also known as an "Initial Certification."
- Submit a Request for Postapproval to the ACA once the device is installed and operational. To apply electronically for program incentives, [click here](#).
- Receive a Credit Certificate from the ACA.

CLAIMING TAX CREDITS

After a business has received a Credit Certificate from the ACA, it may claim the tax credits with Revenue. The tax credits must be claimed by the applicant-business on an Arizona income tax return that includes Revenue Form 336 for the tax year in which the solar device installation occurred. Alternatively, the applicant-business may transfer the tax credits to a Qualified Third Party Transferee. For more information and to download Revenue's forms, visit <http://www.aztax.gov/>

EMAIL UPDATES

The ACA sends out updates regarding the Solar Program from time to time. To place your e-mail address on the ACA's notification list, please [click here](#). Please identify the Solar Program as the program for which you would like notification.

LOOKING FOR THE RESIDENTIAL SOLAR TAX CREDIT?

A solar energy device installed at a residential location may be eligible for a tax credit equal to 25% of the total installed cost of the device not to exceed \$1,000 in accordance with A.R.S. § 43-1083. The residential tax credit is administered solely by Revenue. [Click here](#) to view Residential Solar program information.

Business First

Low Cost of Doing Business
 Skilled Available Workforce
 Streamlined Regulation
 Access to Major World Markets
 Simplified Tax System
 Exceptional Quality of Life

Locate

Incentives Programs
 Community Profiles
 International Business Services

Export

Incentives Programs

Start Up

Incentives Programs
 Innovation in Arizona
 Small Business Checklist

Industries

Aerospace & Defense
 Technology & Innovation
 Renewable Energy
 Bioscience & Health Care
 Optical/Photonics
 Advanced Manufacturing
 Advanced Business Services

Resources

Economy
 Skilled Workforce
 Infrastructure
 AZ Accelerates
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ARIZONA: INCENTIVES

RESEARCH & DEVELOPMENT

The Research and Development (R&D) tax credit provides an Arizona income tax credit for increased research and development activities conducted in this state, including research conducted at a state university and funded by the company. The goal is to encourage Arizona businesses to continue investing in research and development activities.

LEGISLATIVE INFORMATION

Enacted in 1992 for corporations (currently, [A.R.S. § 43-1168](#)) and 1999 for individuals ([A.R.S. § 43-1071.01](#)), the nonrefundable R&D tax credit has been administered by the Arizona Department of Revenue (Revenue). The 2011 through 2017 R&D tax credit will be equal to 24% of the first \$2.5 million in qualifying expenses plus 15% of the qualifying expenses in excess of \$2.5 million. For 2018 and thereafter, the tax credit rates will be 20% of the first \$2.5 million in qualifying expenses plus 11% of the qualifying expenses in excess of \$2.5 million.

During the 2010 legislative session, [Senate Bill 1251](#) provided for a partial refund of the R&D tax credit. The R&D refundable tax credit program is established by [A.R.S. § 41-1502](#) and is administered by the Arizona Commerce Authority (ACA). Starting in 2010, a qualifying company may be eligible to claim a partial refund of its current year excess R&D credit. A company that is otherwise qualified for the R&D tax credit who employs less than 150 full-time employees can apply to the ACA for a partial refund of up to 75% of the excess credit amount. To apply for a partial refund of the R&D tax credit program, please see below or direct questions to the [ACA Program Manager](#).

The nonrefundable R&D program was further enhanced during the 2011 legislative session. An additional credit amount is allowed if the taxpayer made basic research payments during the tax year to a university under the jurisdiction of the Arizona Board of Regents. The additional credit amount is equal to 10% of the basic research payments that constitute excess expenses for the tax year over the base amount. The increased university R&D tax credit is administered by Revenue for tax years beginning from and after December 31, 2010. Additional information on the nonrefundable tax credit, can be found on the [Arizona Department of Revenue's](#) website.

R&D REFUNDABLE TAX CREDIT INCENTIVE OVERVIEW

The ACA has been given the authority to approve refunds under this program up to \$5 million in any calendar year. Therefore, refunds are approved by the ACA on a first-come, first-served basis, according

ARIZONA

Incentives

- Job Training
- Quality Jobs
- Qualified Facility
- Computer Data Center Program
- Research & Development**
- Foreign Trade Zone
- Military Reuse Zone
- Angel Investment
- Renewable Energy Tax Incentive
- Commercial/Industrial Solar
- SBIR/STTR
- Additional Depreciation
- Healthy Forest
- Lease Excise
- Sales Tax Exemption for Machinery and Equipment
- Work Opportunity
- Private Activity Bonds
- QECB
- Renewable Energy Production Credit



Arizona Incentives - Research and Development Tax Credit Program for Business in AZ | ...

to the date and time an application is filed with the ACA. Download the [R & D Tax Credit Allocation Table](#) to view the remaining amount of tax credits available.

Applications must be based on actual numbers, not estimates. A calendar year taxpayer may file an Application on or after the first business day following the close of the previous calendar year. A fiscal year taxpayer may file an Application on or after the first business day after the end of the fiscal year. For example, a taxpayer with a June 30, 2012 fiscal year end could apply for a partial refund of R&D credits as early as July 2, 2012, if cap is still available. If, however the 2012 cap has been exhausted, the fiscal year end taxpayer may submit an Application on or after the first business day of 2013, provided said taxpayer has NOT filed its tax return with Revenue for the tax year in which the R&D credit was generated. To apply electronically for program incentives, [click here](#).

BASIC ELIGIBILITY REQUIREMENTS

A company may be eligible for a partial refund of its R&D tax credit, if it:

- Meets the eligibility requirements of A.R.S. §41-1507 and 43-1074.01 or 43-1168 and the company's current year's Arizona R&D tax credit exceeds its current year's tax liability.
- Submits an application to the ACA and receives a Certification of Qualification prior to filing a tax return with Revenue.
- Employs less than 150 full-time employees company-wide as of December 31st of the taxable year.
- Remits a non-refundable processing fee equal to 1% of the company's tax credit being refunded.
- Does not exceed the tax year refund limitations under A.R.S. § 41-1507 (E)
- Complies with employer and business sanctions set forth in A.R.S. § 23-214 (B) and A.R.S. § 35-393.

GENERAL INFORMATION

- The refundable R&D program is established under [A.R.S. §41-1507](#)
- [Guidelines](#)
- [Summary](#)
- To apply electronically for program incentives, [click here](#).

Questions regarding the refundable tax credit, can be directed to the [ACA Program Manager](#).

Business First	Locate	Expand	Start Up	Industries	Resources
Low Cost of Doing Business	Incentives Programs	Incentives Programs	Incentives Programs	Aerospace & Defense	Economy
Skilled Available Workforce	Community Profiles		Innovation in Arizona	Technology & Innovation	Skilled Workforce
Streamlined Regulation	International Business Services		Small Business Checklist	Renewable Energy	Infrastructure
Access to Major World Markets				Biomedical & Health Care	R2 Accolades
Simplified Tax System				Optics/Photonics	Video Gallery
Exceptional Quality of Life				Advanced Manufacturing	
				Advanced Business Services	



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ARIZONA: INCENTIVES

JOB TRAINING

PROGRAM OVERVIEW

The Arizona Job Training reimbursable grant is a job-specific reimbursable grant that supports the design and delivery of customized training plans for employers creating new jobs or increasing the skill and wage levels of current employees.

- Under a "Net New Grant" an employer creating new jobs can apply for a grant to receive up to 75% of their eligible training expenses reimbursed.
- Under the "Incumbent Grant" an employer seeking to supplement their current training plan and increase the skill level of their employees may apply for a grant to receive up to 50% of their eligible training expenses reimbursed.

Who can apply?

- An employer, excluding government agencies, with at least one business location in this state
- A consortium of at least two employers with same or similar training needs
- A professional or trade association or a joint apprenticeship training committee
- A Small Business Development Center on behalf of a consortium

Minimum Eligibility Requirements:

Eligible employers must:

- Meets or exceeds the average annual [qualifying wage rate](#) for trainees at the time of application
- Either:
 - Pay into the Arizona Job Training Fund, unless exempt, or
 - Be a rural non-profit organization that opts for unemployment tax reimbursement and provides documentation that a skilled worker shortage exists in the geographical area and the proposed net new employee training plan will increase the number of skilled workers

GENERAL INFORMATION

- Rules have been adopted to provide additional guidance to applicants. [Download](#) the Job Training Rules 14-01.
- An overview of noteworthy changes and comments on the Rules can be downloaded by [clicking here](#)
- View the list of [Job Training grant awards](#).
- To apply electronically for program incentives, [click here](#).

ARIZONA

Incentives

[Job Training](#)

- [Quality Jobs](#)
- [Qualified Facility](#)
- [Computer Data Center Program](#)
- [Research & Development](#)
- [Foreign Trade Zone](#)
- [Military Reuse Zone](#)
- [Angel Investment](#)
- [Renewable Energy Tax Incent](#)
- [Commercial/Industrial Solar](#)
- [SBIR/STTR](#)
- [Additional Depreciation](#)
- [Healthy Forest](#)
- [Lease Excise](#)
- [Sales Tax Exemption for Machinery and Equipment](#)
- [Work Opportunity](#)
- [Private Activity Bonds](#)
- [QECB](#)
- [Renewable Energy Production Credit](#)



- Questions about the Job Training program can be directed to the [Program Manager](#).

LEGISLATIVE INFORMATION

The Job Training reimbursement grant program is established under [A.R.S. §41-1541, et seq.](#)

In early 2011, Governor Jan Brewer signed into law [HB2001 - Arizona's Competitiveness Package](#). This legislation marks a new level of Arizona commitment, making it easier for existing Arizona companies to be more prosperous and it establishes Arizona as one of the most desirable places for expanding companies to do business. HB2001 made the following changes to the Job Training program:

- The program was extended through December 31, 2016.
- The statutory definition of a "rural area" was amended to mean a county with a population of less than 750,000 persons.
- With the expiration of the Enterprise Zone program, the Job Training program will no longer offer a reduced qualifying wage rate for employers who were located in an enterprise zone.
- Pursuant to A.R.S. §41-1504(C)(1), the ACA is authorized to begin assessing and collecting fees for processing applications and administering tax incentive programs. [Download](#) the Incentive Program Fee Policy effective July 1, 2012.

EMAIL UPDATES

To receive updates about the program as they become available, [click here](#) to add your name to the stakeholders list. Please be sure to identify the Job Training Program as the program for which you would like notification.

ADDITIONAL WORKFORCE SERVICES AND PROGRAMS

- [Apprenticeship Program](#)
- [Arizona Workforce Connection](#)
- [ACA's Navigator Program](#)

Business First	Locate	Expand	Start Up	Industries	Resources
<ul style="list-style-type: none"> Low Cost of Doing Business Skilled Available Workforce Streamlined Regulation Access to Major World Markets Simplified Tax System Exceptional Quality of Life 	<ul style="list-style-type: none"> Incentives Programs Community Profiles International Business Services 	<ul style="list-style-type: none"> Incentives Programs 	<ul style="list-style-type: none"> Incentives Programs Innovation in Arizona Small Business Checklist 	<ul style="list-style-type: none"> Aerospace & Defense Technology & Innovation Renewable Energy Bioscience & Health Care Optics/Photonics Advanced Manufacturing Advanced Business Services 	<ul style="list-style-type: none"> Economy Skilled Workforce Infrastructure AZ Accolades Video Gallery



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[START UP](#)

[INDUSTRIES](#)

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ARIZONA: PROGRAMS

AZ STEP GRANT

With funding from a grant from the U.S. Small Business Administration (SBA) and matching funds contributed by the Arizona Commerce Authority (ACA), the ACA runs Arizona's State Trade and Export Promotion (STEP) program. The AZ STEP program will assist Arizona small businesses (defined as those with less than 500 employees) to enter export markets for the first time or to expand into new markets. This will enable these businesses (which account for 98% of the businesses in Arizona) to increase their revenues via international sales and to thereby be even more significant engines for job creation and economic growth in Arizona.

The ACA's AZ STEP program will be offering a number of services and tools to Arizona small businesses as they go global for the first time with their sales or enter new international markets. Through various types of technical assistance/capacity building and levels of financial assistance, the continuum of services and tools offered under the STEP program are as follows:

- Export readiness assessment of your small business
- Export education and counseling for your company so that you can be informed and equipped for success on the international stage (this will be done via education/training workshops, seminars and webinars)
- Assistance with market selection strategy for your company so that it explores and enters markets that are best suited for your product or service
- Assistance to your company with development of international marketing materials, including brochures and websites (and translation of these materials, if necessary, into the language of the target country/region market)
- Assistance to your company 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 (both internationally and in the U.S.) that have been carefully selected, comprehensively prepared, and professionally lead by ACA staff to maximize opportunities for success

The ACA's STEP program for Arizona entails dynamic collaboration with many public and private sector partners within the State and also at the national level. These include the U.S. SBA, U.S. Department of Commerce's Export Assistance Center (USEAC), Arizona Small Business Development Center (AZSBDC) Network, Service Corps of Retired Executives (SCORE), U.S. Export-Import Bank, Arizona Technology Council (AZTC), Arizona International Growth Group (AZIGG), Hispanic Chamber of Commerce, Minority Business Development Agency Business Center, Veterans Business Outreach Centers, commercial banks with Preferred Lender Program status, Arizona State University, University of Arizona, Arizona District

ARIZONA

Programs

[Arizona Innovation Challenge](#)
[Rev AZ](#)
[Arizona Innovation Accelerator Fund](#)
[Arizona STEP Grant](#)
[Arizona Fast Grant Navigator](#)
[Venture Ready](#)
[Venture Madness](#)
[PIII Playbook](#)
[Small Business Services](#)
[Innovation in Advanced Manufacturing Grant Competit](#)
[Certified Sites](#)
[International Trade](#)

Arizona STEP Grant - STEP Grant Program Available for Small Businesses | Arizona Co...

Export Council (AZDEC), Mesa Minority/Micro Small Business Development Center (M3SBDC), among many others.

As indicated, this State Trade and Promotion Grant Program is partially funded by the U.S. Small Business Administration (SBA). SBA's funding is not an endorsement of any products, opinions or services. All SBA funded programs are extended to the public on a nondiscriminatory basis.

Companies wishing to participate in the Arizona STEP program should email [Kevin J. O'Shea](#). Companies should also complete the Export Readiness Questionnaire, [available here](#), as well as the Application for STEP Grant Funding and the SBA Eligible Small Business Form (see below).

FORMS

- [Application for STEP Grant Funding](#)
- [SBA Eligible Small Business Form](#)

PARTNERS

- [SBA](#)
Contact: James H. Pippor, [Email James](#)
- [Export Import Bank of the United States](#)
Contact: Marianne Hughes, [Email Marianne](#)
- [Arizona US Export Assistance Center](#)
Contact: Eric Nielsen, [Email Eric](#)

ARIZONA SUCCESS STORIES



STEP Recipient: Rigid Industries

[View the Full G](#)

Business First

Low Cost of Doing Business
 Skilled Available Workforce
 Streamlined Regulation
 Access to Major World Markets
 Simplified Tax System
 Exceptional Quality of Life

Locate

Incentives Programs
 Community Profiles
 International Business Services

Expand

Incentives Programs

Start Up

Incentives Programs
 Innovation in Arizona
 Small Business Checklist

Industries

Aerospace & Defense
 Technology & Innovation
 Renewable Energy
 Bioscience & Health Care
 Optics/Photonics
 Advanced Manufacturing
 Advanced Business Services

Resources

Economy
 Skilled Workforce
 Infrastructure
 AZ Accolades
 Video Gallery



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ARIZONA: INCENTIVES

COMPUTER DATA CENTER

The objective of this program is to encourage computer data center (CDC) operation and expansion in Arizona. The Program accomplishes this objective by providing Transaction Privilege Tax (TPT) and Use Tax exemptions at the state, county and local levels, on qualifying purchases of CDC Equipment. The CDC incentive is administered by the Arizona Commerce Authority (ACA) in conjunction with the Arizona Department of Revenue (ADOR).

BACKGROUND

An owner, operator or qualified co-location tenant of a CDC may receive the exemptions provided by the incentive for up to ten full calendar years following the year certification of the CDC is issued. However, if the CDC qualifies as a Sustainable Redevelopment Project, the exemptions are available for up to 20 full calendar years following the year certification of the CDC is issued.

The TPT and Use tax exemptions provided by the incentive are available if *all* of the following are satisfied:

An Applicant submits an Application for CDC Certification (Application) and receives a Letter of Certification from the ACA.

The CDC Owner, Operator and/or Qualified Co-location Tenant collectively satisfy the requisite Capital Investment Threshold in a timely manner and the Applicant submits to the ACA evidence of satisfaction of one of the following:

If the CDC Facility is located in either Maricopa or Pima County, a Capital Investment of at least \$50 million is made within five years of the date of the Letter of CDC Certification from the ACA. *OR*

If the CDC Facility is located in any county other than Maricopa or Pima, a Capital Investment of at least \$25 million is made within five years of the date of the Letter of CDC Certification from the ACA. *OR*

In the case of an Existing CDC, regardless of location, a Capital Investment of at least \$250 million was made during the period between September 1, 2007 and August 31, 2013.

The Applicant remits a non-refundable processing fee equal to \$50.00 at the time of certification of the CDC and, as applicable, remits a separate non-refundable processing fee equal to \$50.00 for each Qualified Co-location Tenant receiving certification.

All relevant parties comply with the employer requirement set forth in A.R.S. § 23-214(B).

ARIZONA

Incentives

- Job Training
- Quality Jobs
- Qualified Facility
- Computer Data Center Program**
- Research & Development
- Foreign Trade Zone
- Military Reuse Zone
- Angel Investment
- Renewable Energy Tax Incentive
- Commercial/Industrial Solar
- SBIR/STTR
- Additional Depreciation
- Healthy Forest
- Lease Excess
- Sales Tax Exemption for Machinery and Equipment
- Work Opportunity
- Private Activity Bonds
- QECB
- Renewable Energy Production Credit



GENERAL INFORMATION

Summary

[Instructions for Application for CDC Certification](#)

For more detailed information, please see below or direct questions to the [Program Manager](#).

LEGISLATIVE INFORMATION

The incentive is established under [A.R.S. § 41-1519](#)

TPT exemption statutes: A.R.S. [§§42-5061, 42-5159](#) or [42-6004](#)

APPLICATION FOR CERTIFICATION

The ACA is authorized to accept applications for certification of a CDC between September 1, 2013 and December 31, 2023

An owner or operator may apply for certification of a CDC by completing the electronic "Application for CDC Certification". To apply electronically for program incentives, [click here](#).

Within 60 days of receipt of a complete application, the ACA will notify the owner or operator of certification or denial.

The information herein does not constitute the law, rules or policy of the State of Arizona. As such, it is not to be relied upon. The ACA will publish Program Rules following a public process. Please contact the ACA if you would like to be notified of the commencement of the Rules process.

EMAIL UPDATES

The ACA will soon begin the process of drafting rules for the Computer Data Center Program and will seek public comment. As soon as rules are adopted, the ACA will place an update on this website and will notify companies and others who have requested information. If you have not yet placed your e-mail address on our list, please [click here](#) to send an e-mail requesting notification. Please be sure to identify Computer Data Center as the program for which you would like notification.

Business First	Locate	Expand	Start Up	Industries	Resources
Low Cost of Doing Business	Incentives Programs	Incentives Programs	Incentives Programs	Aerospace & Defense	Economy
Scaled Available Workforce	Community Profiles		Innovation in Arizona	Technology & Innovation	Skillset Workforce
Streamlined Regulation	International Business Services		Small Business Checklist	Renewable Energy	Infrastructure
Access to Major World Markets				BioScience & Health Care	AZ Academics
Simplified Tax System				Optics/Photonics	Video Gallery
Exceptional Quality of Life				Advanced Manufacturing	
				Advanced Business Services	



ARIZONA: INCENTIVES

QUALIFIED FACILITY

The Qualified Facility tax credit (A.R.S. §41-1512) was established by the Arizona legislature in 2012 to promote the location and expansion of manufacturing facilities, including manufacturing-related research & development or headquarters facilities. The goal is to encourage business investment that will produce high quality employment opportunities for citizens of Arizona and enhance Arizona's position as a center for corporate headquarters, commercial research and manufacturing. Qualified Facility accomplishes this goal by providing a refundable tax credit to taxpayers who are expanding or locating a Qualified Facility in Arizona.

For more detailed information please see below or direct questions to the [Program Manager](#).

- [Summary](#)
- [Guidelines](#)

BASIC ELIGIBILITY REQUIREMENTS

A company may be eligible for tax credits, if it:

- Makes a Capital Investment to establish or expand a Qualified Facility that devotes at least 80% of the property and payroll to qualified manufacturing, manufacturing-related research & development or headquarters.
- Creates net new full-time employment positions for the project, of which at least 51% are paid at least 125% of the state's annual median wage.
- Offers to pay at least 80% of the health insurance premiums for all net new full-time employment positions.

OVERVIEW

Arizona Commerce Authority (Commerce) may authorize up to \$70 million per calendar year in tax credits to qualified companies beginning January 2013 through December 2019. The tax credits will be authorized on a first-come, first-served basis, according to a priority placement number assigned by the ACA at the time of Pre-Approval. It is important to note that the program cap (\$70MM) is shared between the Qualified Facility program and the [Renewable Energy Tax Incentive program](#). Download the [Tax Credit Allocation Table](#) to view the amount of tax credits available this year.

Subject to eligibility requirements, the Qualified Facility tax credit offers a refundable income tax credit equal to the lesser of:

- 10% of the qualifying capital investment or
- \$20,000 per net new job at the facility or
- \$30,000,000 per taxpayer per year.

ARIZONA

Incentives

- Job Training
- Quality Jobs
- Qualified Facility**
- Computer Data Center Program
- Research & Development
- Foreign Trade Zone
- Military Reuse Zone
- Angel Investment
- Renewable Energy Tax Incentive
- Commercial/Industrial Solar
- SBIR/STTR
- Additional Depreciation
- Healthy Forest
- Lease Excluse
- Sales Tax Exemption for Machinery and Equipment
- Work Opportunity
- Private Activity Bonds
- QECB
- Renewable Energy Production Credit



APPLICATION PROCESS

To receive Pre-Approval for tax credits, eligible applicants must follow the process below:

- Prior to submittal of an application to the ACA, a company may request a letter of good standing from the Arizona Department of Revenue (Revenue) by submitting form [Tax Clearance Application](#) to Revenue.
- Apply for tax credits by completing a Request for Pre-Approval and submitting it to the ACA. To apply electronically for program incentives, [click here](#).
- Upon receipt of Request for Pre-Approval the ACA will assign a priority placement number for receipt of tax credits.
- Within 30 days of receipt of a complete Request for Pre-Approval, ACA will notify the company of Pre-Approval or denial. If a company is eligible, ACA will issue Pre-Approval to the company and transmit a copy to Revenue.

Note: Pre-Approval does not guarantee receipt of tax credits under this program because it is issued before the ACA determines final eligibility. The final determination of eligibility will be made after a company applies for Post-Approval.

FOLLOWING PRE-APPROVAL

Within 12-months of the Pre-Approval date, a company must demonstrate it has spent at least \$250,000 in qualifying investment and submit an Interim Report to the ACA.

- Complete the Interim Report and attach documentation of expenditures. To report electronically for program incentives, [click here](#).

AFTER THE FACILITY IS OPERATIONAL

- Once the facility begins operations the company must enter into a written managed review agreement with ACA. At the company's expense, the company will select a certified public accountant, who is licensed in Arizona and who is approved by Commerce, to conduct the written managed review.
- After the certified public accountant furnishes its findings in writing to the ACA, the company must submit an Application for Post-Approval to the ACA. To apply electronically for program incentives, [click here](#).
- The ACA may issue Post-Approval to the company after reviewing the application and verifying the company's eligibility. Once Post-Approval is received a company must claim the tax credits in five equal annual installments on an original Arizona tax return along with the Revenue Form 349.

ANNUAL REPORT

- [2013 Annual Report](#)

EMAIL UPDATES

To receive updates about the program as they become available, [click here](#) to add your name to the stakeholders list. Please be sure to identify the Qualified Facility Tax Credit Program as the program for which you would like notification.

Business Fast	Locate	Expand	Start Up	Industries	Resources
Low Cost of Doing Business	Incentives Programs	Incentives Programs	Incentives Programs	Aerospace & Defense	Economy
Skilled Available Workforce	Community Profiles		Innovation in Arizona	Technology & Innovation	Skilled Workforce
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Simplified Tax System				Optics/Photonics	Video Gallery
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ARIZONA: PROGRAMS

ARIZONA INNOVATION ACCELERATOR FUND

The Arizona Innovation Accelerator Fund is an \$18.2 million loan participation program funded through the U.S. Department of Treasury's State Small Business Credit Initiative (SSBCI) and managed by the Arizona Commerce Authority (ACA). The goal of this program is to stimulate financing of small businesses and manufacturers, while fostering business expansion and job creation in the state of Arizona.

HOW DOES THE ARIZONA INNOVATION ACCELERATOR FUND (AIAF) PROGRAM WORK?

- The AIAF Program provides debt financing to rapidly expanding Arizona businesses that need resources in order to capitalize on market opportunities.
- This loan participation program works in collaboration with private finance partners.
- The AIAF Program has the ability to fund up to 49.9% of a financing package that includes both public and private capital.
- AIAF Loans range from \$50,000 to \$2 million, may be used to support finance packages of up to \$20 million total, and typically have maturities of 5 years or less.
- Loan proceeds are to be used for business purposes including, but not limited to, working capital, inventory and equipment purchases, workforce expansions, real property improvements, and acquisitions.

WHAT BUSINESSES ARE ELIGIBLE FOR THE AIAF PROGRAM?

- Businesses that demonstrate the potential to create or retain employment opportunities for Arizonans.
- For-profit, existing corporations, limited liability companies, partnerships, or other companies with fewer than 500 employees.
- Companies representing ACA target industries such as aerospace and defense, semiconductors, optics, bioscience, and renewable energy will receive priority.

If you are interested in participating in the Arizona Innovation Accelerator Fund Program, please download the PDFs below, which contain the Program's guidelines and required forms.

[AIAF Program Summary and Guidelines \(pdf\)](#)

[AIAF Intake Form \(xlsx\)](#)

[AIAF Disclosure and Release Form \(pdf\)](#)

ARIZONA

Programs

Arizona Innovation Challenge
Rev AZ
Arizona Innovation Accelerator Fund
Arizona STEP Grant
Arizona Fast Grant
Navigator
Venture Ready
Venture Madness
P2P Playbook
Small Business Services
Innovation in Advanced
Manufacturing Grant Competition
Certified Sites
International Trade



[About ACA](#) [Site Selectors](#) [Small Business](#) [News & Events](#) [Search](#)

[BUSINESS FIRST](#) [LOCATE](#) [EXPAND](#) [START UP](#) [INDUSTRIES](#) [RESOURCES](#) [JOIN US](#)

ARIZONA: INCENTIVES

PRIVATE ACTIVITY BONDS

Private Activity Bonds are securities issued by or on behalf of a local government to provide debt financing for projects used for the trade or business of a private user, as provided by IRC 141 et seq. For a list of issuers see [Directory of Issuers](#). The PAB program can be used for the construction of industrial and manufacturing facilities and the purchase of equipment, residential rental projects, facilities for the furnishing of water, sewage and solid waste facilities and more. Download the [Program Summary](#). To verify project eligibility please contact either the [Program Manager](#), or seek [Bond Counsel](#).

Generally speaking investors purchase the bonds, then the money is lent to private users for completion of the project. The investor's return comes through the operational proceeds of the project. Bonds do not constitute an obligation of the State or any of its jurisdictions. For a more detailed discussion of this process please see [Financing with Private Activity Bonds](#).

AVAILABLE ALLOCATION

There are two bond lotteries held each year with \$662,662,400 available for financing eligible projects in calendar year 2014. In addition, allocations can be requested through [California Proposition 13](#).

To view allocations made to date and the amount of volume cap remaining, click on the links below.

- [2014 Allocations](#)
- [2013 Allocations](#)
- [2012 Allocations](#)
- [2011 Allocations](#)
- [2010 Allocations](#)
- [2009 Allocations](#)

BOND LOTTERY PROCESS

To learn about the PAB timeline please [click here](#) or read the summary below.

For the January lottery (takes place the first business day of the year) applicants seeking funding for Qualified Residential Rental Projects, Qualified Student Loan Projects, Manufacturing Projects or Other Projects should appear at Commerce with the appropriate [forms completed](#). (Word forms are available via e-mail to the [Program Manager](#)). To apply electronically for the program, [click here](#).

ARIZONA

Incentives

- Job Training
- Quality Jobs
- Qualified Facility
- Computer Data Center Program
- Research & Development
- Foreign Trade Zone
- Military Reuse Zone
- Angel Investment
- Renewable Energy Tax Incent
- Commercial/Industrial Solar
- SBIR/STTR
- Additional Depreciation
- Healthy Forest
- Lease Excise
- Sales Tax Exempt on for Mach and Equipment
- Work Opportunity
- [Private Activity Bonds](#)
- QECB
- Renewable Energy Production Credit



Arizona Incentives - Private Activity Bonds Available for Business in AZ | Arizona Commerce Authority

After the lottery each application will be reviewed for completeness and validity and Commerce shall award the bond allocation on a first come first serve basis. If the applicant accepts the available allocation a fee must be submitted.

The applicant will then have 90 days to secure financing and close the deal or file a request for an extension, in which case additional fees may be incurred.

For the July lottery (held the first business day of July) generally the same process ensues, however additional requirements must be met. For example a confirmation fee and security deposit must be paid. Also it is important to note, MRB/MCC confirmations cannot be issued in the July lottery.

Requests for Carry Forward Allocations along with a Notice of Intent can be submitted no later than December 15 of each year. The forms needed to apply for a Carry Forward allocation include: Notice of Intent and CF application.

Business First	Locate	Expand	Start Up	Industries	Resources
<ul style="list-style-type: none"> Low Cost of Doing Business Skilled Available Workforce Streamlined Regulation Access to Major World Markets Simplified Tax System Exceptional Quality of Life 	<ul style="list-style-type: none"> Incentives Programs Community Profiles International Business Services 	<ul style="list-style-type: none"> Incentives Programs 	<ul style="list-style-type: none"> Incentives Programs Innovation in Arizona Small Business Checklist 	<ul style="list-style-type: none"> Aerospace & Defense Technology & Innovation Renewable Energy Bioscience & Health Care Optics/Photonics Advanced Manufacturing Advanced Business Services 	<ul style="list-style-type: none"> Economy Skilled Workforce Infrastructure AZ Accolades Video Gallery

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[Programs](#)
[About ACA](#)
[Site Selectors](#)
[News & Events](#)
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Arizona Commerce Authority | 333 North Central Avenue | Suite 1900 | Phoenix, Arizona 85004 | 602-645-1200



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ARIZONA: INCENTIVES

ADDITIONAL DEPRECIATION

The Arizona Competitiveness Package (HB 2001, 2011) encouraged new capital investment in Arizona by enhancing Arizona's additional depreciation allowance for property tax. Additional depreciation substantially reduces tax liability for most personal property devoted to commercial, industrial and agricultural uses by reducing the taxable value of such property during its first five years of use (by increasing the depreciation factored in determining such value). For eligible property initially classified in tax year 2012 or thereafter, additional depreciation reduces the personal property's full cash value for tax purposes by 75% in the first year of use, 59% in the second year of use, 43% in the third year of use, 27% in the fourth year of use and 11% in the fifth year of use. (The Arizona Competitiveness Package increased each of the foregoing percentages by five points.)

To illustrate the impact of additional depreciation, consider a piece of qualified industrial equipment with a 10-year life purchased in 2013 for \$1,000,000. Without additional depreciation, the equipment in its first year of use would have a full cash value of \$910,000 (see note 1, below), an assessed value of \$147,465 after applying the personal property tax exemption (see note 2, below), and, assuming a statewide average property tax rate of 11.75%, a resulting estimated tax liability of \$17,327.

With additional depreciation, the property's full cash value would be reduced by 75%, to \$228,000, its assessed value would be \$17,885 after applying the personal property tax exemption, and its estimated tax liability would be \$2,101. This translates to a one-year estimated tax savings from additional depreciation of \$15,226, or 75%. Running the same calculations for a five-year period predicts total property tax savings over five years from additional depreciation of \$36,367, or 56%.

1. Based on the Arizona Department of Revenue [standard valuation tables](#).
2. Under the Arizona Competitiveness Package, the Assessment Ratio of Class One (commercial and industrial) real and personal property is currently 19% (reduced from 20% in 2012) and will decrease to 18% in increments by 2016, thereby ultimately reducing tax liability for such property by 10%. See A.R.S. § 42-15001. Reductions included in 2012 legislation enhanced this exemption, which in 2014 was equal to \$141,385. The deduction reduces the full cash value of property assessed. Hence, assuming the full deduction is taken on \$1 million of property in its first year of use, an assessment ratio of 19% and a tax rate of 11.75%, the exemption reduces annual personal property tax liability by \$3,156.

For more information:
 Arizona Department of Revenue
 1600 West Monroe Street, Phoenix, AZ 85007-2650
 602-716-6843

ARIZONA

Incentives

- Job Training
- Quality Jobs
- Qualified Facility
- Computer Data Center Program
- Research & Development
- Foreign Trade Zone
- Military Reuse Zone
- Angel Investment
- Renewable Energy Tax Incentive
- Commercial/Industrial Solar
- SBIR/STTR
- Additional Depreciation**
- Healthy Forest
- Lease Excise
- Sales Tax Exemption for Machinery and Equipment
- Work Opportunity
- Private Activity Bonds
- QECB
- Renewable Energy Production Credit





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ARIZONA: INCENTIVES

SALES TAX EXEMPTION FOR MACHINERY AND EQUIPMENT

Exemptions are available for:

- Machinery or equipment used directly in manufacturing, see ARS 42-5159(B)(1).
- Machinery, equipment or transmission lines used directly in producing or transmitting electrical power, but not including distribution, see ARS 42-5159(B)(4).
- Machinery or equipment used in research and development, see ARS 42-5159(B)(14).
- Questions can be directed to Christie Comanita (602-716-6791).

[Learn more.](#)

ARIZONA

Incentives

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[Research & Development](#)
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[Military Reuse Zone](#)
[Angel Investment](#)
[Renewable Energy Tax Incentive](#)
[Commercial/Industrial Solar](#)
[SBIR/STTR](#)
[Additional Depreciation](#)
[Healthy Forest](#)
[Lease Excise](#)
[Sales Tax Exemption for Machinery and Equipment](#)
[Work Opportunity](#)
[Private Activity Bonds](#)
[QECB](#)
[Renewable Energy Production Credit](#)





ARIZONA: PROGRAMS

AZ FAST GRANT

Technology Commercialization Assistance

The AZ Fast Grant program is a highly competitive grant providing qualified Arizona-based, early stage technology companies with intensive training and technical assistance to commercialize their innovations, grow their business and create quality jobs.

Maximum awards of \$5,000 and \$20,000 will enable companies to accomplish one of four scopes of work:

SBIR/STTR Proposal Development – Maximum award of \$5,000

- Enrollment in the ACA PIII Playbook training, a structured program of training and technical assistance allowing high-growth potential small technology firms to compete more effectively for federal SBIR/STTR Phase I and II awards. For additional details, visit [PIII Playbook](#). (Maximum award of \$1,500)
- Professional SBIR/STTR proposal writing consultant services beyond the 23 hours already provided by the PIII Playbook training program. You may contract a consultant of your choice. (Maximum award of \$3,500)

Commercialization Feasibility Study – Maximum award of \$5,000

- Identify showstoppers to commercialization before resources are spent commercializing a technology that is unlikely to succeed. You may contract a consultant of your choice.

Other Acceptable Means Of Technology Commercialization Assistance – Maximum award of \$5,000

- **Technology Review** – An expert review of the technology under development to determine if it already exists, is a good candidate for intellectual property protection and is likely to find an attractive market.
- Requests for other acceptable means of technology commercialization assistance will be considered.

Innovation In Manufacturing – Maximum award of \$20,000

- Partner with an Arizona manufacturer to solve an existing manufacturing opportunity with your new innovation.
- This initiative will focus upon creating and providing disruptive tools and technologies to Arizona manufacturing firms

ARIZONA

Programs

- Arizona Innovation Challenge
- Rev AZ
- Arizona Innovation Acceleration Fund
- Arizona STEP Grant
- [Arizona Fast Grant](#)
- Navigator
- Venture Ready
- Venture Madness
- PIII Playbook
- Small Business Services
- Innovation in Advanced Manufacturing Grant Competition
- Certified Sites
- International Trade

Arizona Fast Grant - Technology Commercialization Assistance with AZ Fast Grant | Ari...

- In order to move emerging technologies towards commercialization, this competition will identify novel technologies that can be implemented on a pilot basis with an industry partner or partners within six months of the award notification. Multiple competitive awards of up to \$20,000 each will be made in this grant cycle.
- Solutions providers, i.e. – consultants, training firms, engineering and technology companies, and educational institutions, are encouraged to team with manufacturers to submit proposals.
- Each proposer must identify a teaming arrangement with Arizona manufacturers. Preference will be given to proposers teaming with multiple manufacturing partners.
- The manufacturers must have less than 500 employees in its Arizona operations and operate within any of these business sectors:

Advanced materials
Advanced manufacturing
Aerospace & Defense
Bio and Life Sciences
Cleantech/Renewable Energy
IT- Hardware
IT- Software

AZ FAST GRANT REQUIREMENTS:

- Applicant companies are 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 Arizona Commerce Authority (ACA) technology sector. Companies should interview and select professional consultants who match their requirements.
- Consultants must be an independent third party to the client company.
- A customized formal quote from the consultant of choice stating the scope of work, time frame for deliverables and detailed costs is required with this application.
- Companies may submit only one application.
- Applications must be submitted on-line.
- Travel is not an eligible expense for this grant program.
- Grant payment schedule – 25% upon award, 25% after first progress report and 50% upon completion.
- Project must be completed within six months of award notification.
- Awardee permits Arizona Commerce Authority to identify the firm and its project in news releases and marketing activities.
- ACA is not obligated by law to provide grants to any business. Grants are made in the sole and absolute discretion of the ACA based on a variety of factors and no factor or combination of factors ensures grant eligibility.
- The awarding of grants is based on criteria that produce the best value for the ACA.

APPLY NOW

- Application Available: March 10, 2014
- Closing date: April 14, 2014 @ 5pm MST
- Awards announced: June 2014 [Click here for a SAMPLE of the AZ Fast Grant Application](#)

ARIZONA SUCCESS STORIES