

**Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES**

Date: January 3, 2012: **Time:** 7:30 A.M.

MEMBERS PRESENT

Rich Adams
Terry Benelli
Mitzi Montoya
Jeff Pitcher
Tony Siebers
Jo Wilson
Steve Wood

EX-OFFICIO

Mayor Scott Smith (excused)
Chris Brady (excused)
Brian Campbell
Jeff Crockett
Steve Shope
Peter Sterling

STAFF PRESENT

Betsy Adams
Tammy Albright
Mary Berumen
William Jabjiniak
Ray Thimesch

MEMBERS ABSENT

Rich Adams (excused)
Steve Parker (excused)

GUESTS

None

1. Chair's Call To Order

Acting-Chair Brian Campbell called the January 3, 2012 meeting of the Economic Development Advisory Board to order at 7:34 a.m. at the City Council Chambers, Lower Level, 57 E. 1st Street, Mesa, AZ 85201.

2. Items from Citizens Present

None.

3. Approval of Minutes from December 6, 2011 board meeting.

Acting-Chair Campbell called for a motion to approve the minutes from the meeting held on December 6, 2011.

MOTION: Jo Wilson moved that the minutes from December 6, 2011 be approved with a minor correction.

SECOND: Steve Wood

DECISION: Passed unanimously.

4. Neighborhood Services briefing of CDBG Economic Development Projects

Tammy Albright, Housing and Community Development Department Director, stated the purpose of the briefing was to educate the Economic Development Advisory Board (EDAB) on the changes in grant requirements and restrictions; to review rating methodology for the FY 2012-13 application processes; and to review the process for the reduction of funds.

Mesa's current targeted activities are: Code Enforcement/Slum and Blight Removal; Economic Development; Housing; Public Facilities; Public Services; and Emergency Shelters.

The anticipated Program Funding for FY 2012-13 has been reduced. Mesa City Council approved the process for reduced funding that will eliminate commitments with the lowest rating.

Ms. Albright also reviewed the Community Development Block Grant (CDBG) requirements based on National Objectives such as:

- Benefit to low-and moderate-income (LMI) persons.
- Aid in the prevention or elimination of slums or blight.
- Meet a need having a particular urgency.

The Outcomes of the Objectives and requirements must result in:

- Safe and sanitary housing
- Suitable Living Environment
- Economic Development

Eligible Economic Development Activities include:

Special Economic Development

- Acquiring, constructing, reconstructing, rehabilitating, or installing commercial or industrial buildings, structures, and other real property equipment and improvements, including railroad spurs or similar extensions. These are economic development projects undertaken by nonprofit entities and grantees (public entities).
- Assisting a private, for-profit business. Assistance may include grants, loans, loan guarantees, and technical assistance; and
- Providing economic development services in connection with otherwise eligible CDBG economic development activities.
- Economic development undertaken by Community Based Development Organizations (CDBO's)
- Technical assistance to businesses
- Microenterprise Development
- Commercial Rehabilitation
- Public Facilities and Improvements
- Job Training

The CDBG General Restrictions are:

- Stabilize communities – most flexible
- Restrictions on new construction projects
- 20% cap on Administration
- Anticipated funding reduction of 10%
- Reduction may result in eliminated Full Time Employees (FTE) required.
- 15% cap on Public Service Activities
- Required Set-aside – 70% of funds must be used for individuals who earn less than 80% of the median income
- Monitoring Commitments – depends on activity

The current focus and eligible activities approved by HUD and City Council are:

- Acquisition of real property.
- Relocation and demolition.
- Code enforcement.
- Rehabilitation of residential and non-residential structures.

- Public services, with a 15% cap.
- Provision of assistances to profit-motivated businesses to carry out economic development and job creation/retention activities.
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes.
- Activities relating to energy conservation and renewable energy resources.

Ms. Albright continued with a review of the revised rating process for FY 2012-13. The funding timeline has been confirmed with all housing related applications to be rated by staff and the Housing Advisory Board (HAB). All economic development related applications will be rated by staff and the Economic Development Advisory Board (EDAB).

An improved Application Rating System is being implemented this year with all projects being evaluated in a two-step process. First, each project will be evaluated by staff utilizing an in-depth rating tool that determines the technical merits of the project. Staff ratings will account for 70% of a project's total score.

Components of each project to be assessed by staff include:

1. Consolidated Plan Priority (including Strategic Initiatives)
2. Project Readiness
3. Project Impact and Delivery
4. Financial Considerations
5. Applicant Attributes

In addition to the staff evaluation of the application, all economic development CDBG applicants will be required to deliver a brief oral presentation to EDAB. EDAB will then rate each presentation on the following attributes. The ratings will account for 30% of a projects total score.

Criteria for evaluation by EDAB include:

1. Clear and concise description of the program goals and impacts.
2. Clear and concise description of target audience.
3. Clear and concise description of why the project is needed.
4. Project meets the funding priorities of the City as identified in the City's Consolidate Plan and Council's Strategic Initiatives.
5. Presentation met the guidelines and questions from the panel were answered sufficiently.

She encouraged EDAB to review and become familiar with Chapter 8: Economic Development & Section 108 of the Housing and Urban Development (HUD's) rules and regulations in the 3-5 Year Strategic Plan and use of the Strategic Initiatives approved by City Council. The Council's Strategic Initiatives include: Economic Development; Quality of Life; Community Engagement; Financial Stability; and Regional Leadership.

Applications will be provided for review prior to EDAB's scheduled meeting on February 7, 2012.

5. Update on AZLabs

Mr. Brian Campbell stated progress made with the AZLabs has been and continues to be exciting. A variety of programs being conducted are progressing rather rapidly. One of the programs undertaken in the AZLabs was research and development in the Unmanned Aircraft Systems (UAS and also referred to as drones) industry. Last month Congress signed, as part of the Defense Bill, the authorization requiring the FAA to establish six (6) test and developing sites or centers of UAS Excellence in the United States. A six-month time frame was placed on the FAA requiring them to act or at least report back to Congress within the time frame on the progress for establishing or identifying the six centers. Under the new law, the FAA is required to develop the standards and specs for identifying the six test states.

Competitors outside the state and East Valley area are moving very rapidly and are much more advanced in securing one of the centers. The centers are of key importance due to what is anticipated for the UAS industries. Several examples for the UAS industry are: Fed-Ex is looking at UAS systems to fly their planes. The Department of Interior is looking at UAS systems to monitor wild fires and U.S. Geological survey activities. Anything you can think of an airplane doing now will probably be done by an Unmanned Aircraft Vehicle (UAV) in the future.

This is a huge economic opportunity for the country and the UAS industry will coalesce with centers in the United States. Another example is; Silicon Valley captured the computer chip industry, and Arizona is capturing the solar manufacturing industry as a center in the United States. It is the belief that this will coalesce around one of these six centers of excellence. These will become the focus of this new identified industry.

The Mayor is convening a meeting on January 4, 2012 with representatives from the Governor's office and leaders of this effort. Several members of EDAB have been working very hard and partnering with various agencies and public/private partners to advance not only Mesa's opportunity, but all of Arizona's opportunity to compete nationally. Kudos to Mr. Peter Sterling of the Mesa Chamber of Commerce working with the Arizona Commerce Authority, Mr. Steve Shope has been doing some outstanding work, and ASU has been fantastic. There are other numerous people that are and have worked very hard to advance the opportunities.

This work is in addition to what the AZLabs is doing to secure the final BRAC process with the Economic Development Conveyance (EDC). The five member EDC board has split into four different subcommittees. All the Subcommittees have met several times, and the Board has met several times in trying to keep up with the timeline.

Mr. William Jabjiniak stated the EDC objective is to have the property conveyed from the Air Force to the City of Mesa. The first draft of the Conveyance application arrived January 2, 2012 and has started to be reviewed by staff, and then will be reviewed by the Mesa Redevelopment Authority (MRA) Executive Board also known as the AZLabs Board. At some point, depending on timing, he would like to see the application brought before EDAB for review. The deadline for the application submittal to the Department of Defense is the end of March 2012.

Mr. Campbell provided some background on the EDC. The former Air Force Research Lab was closed as part of the BRAC process. Mesa was able to maintain the security

clearance and take over operations under an Interim Lease with the Air Force. The Air Force gave Mesa a set period of time to complete the formal processes. These processes were necessary for the city to acquire the piece of property via a formal process. The EDC application is a critical piece of the process.

Mr. Steve Shope commented the AZLabs are growing faster than anticipated. He inquired if a Master or Site Plan had been completed for the new campus.

Mr. Campbell commented that one of the several Subcommittees mentioned earlier is for long-term visioning and reconfiguring the six and a half acres with possibly removing some parking, but actually creating a long-term vision including room for expanding the facility. The AZLab's center has become the training center for federal officials who inspect these types of BRAC facilities.

6. Director's Report

Mr. Jabjiniak stated that the Cubs are still working through their project which includes being on budget; \$84 million for baseball and \$15 million for infrastructure. Terms and details are still being negotiated. Trees will be boxed and crated in preparation to be moved in March. Official groundbreaking still has not been determined and site plans have not been finalized. The A's are interested in filling in Hohokam Stadium and have signed an exclusive agreement thru May 2012 with Mesa. The A's are going to be assessing the facilities through Spring Training.

Chair Crockett inquired if during the B2B events if there would be an opportunity to interact with the A's to help build bridges. He was informed there would be an opportunity.

Mr. Jabjiniak stated that the Higher Education and Healthcare Subcommittees were unable to meet during the month of December; however they will be meeting during the month of January. He stated an announcement on the first school coming to Mesa will be made within the next week. The Board will be invited to the public event when a date, time and location have been decided.

The Healthcare piece for the next phase will be kicked off this month. There are several proposals for consultants; however the challenge has been to have a full staff to handle the workload.

An Economic Development Specialist position was advertised and interviews were conducted. The applicants were narrowed down to two applicants with second interviews conducted by staff. The decision was made to re-advertise the position.

Spirit Airline was added to Phoenix-Mesa Gateway Airport with flights starting in February with plans to continue to add more destinations.. Allegiant has 32 destinations with plans to add more. A second airline adds a great dynamic to the airport. Hopefully there will be a third airline in the future.

He reminded the Board of the Governor's Breakfast on January 12th to be held at the Hilton Phoenix-Mesa at 7:00 a.m. The Mayor's Breakfast will be held on January 26th, same time and same location.

Mr. Jabjiniak encouraged the Board to allow extra time for the next EDAB meeting to be held on February 7th due to the reviewing of the CDBG applications with presentations from the applicants.

7. GPEC Updates

Mr. Campbell reported GPEC's Executive Committee decided to focus on two policy areas; coordination with the Arizona Commerce Authority (ACA) on policy issues, and especially the shifting of more Public Policy Advocacy to the ACA; and GPEC returning to Economic Development and Business Attraction. GPEC's process of reconstructing and revising the return to Economic Development and Business while simultaneously structuring the new ACA mission and policies has been interesting.

There will be another attempt to pass the Economic Development package that was vetoed last year in the Legislature. The package has been reformulated with the help of the governor's staff and all the concerns have been addressed. The Speaker of the House is calling for the package in his legislation. The benchmarks have been raised with a focus on shifting the policy efforts to the ACA. With shifting the focus of GPEC back to the Business Attraction side, one of the exciting things is the opportunity to work with the Brookings Institute. Working with Maricopa Area Government (MAG); ASU; and Thunderbird has created an opportunity to develop a vision piece for success guided by the Brookings Institute for the entire region. The partnerships with Brookings Institute will enhance our chances nationally for success in competing for businesses and federal grants.

Another exciting piece unfolding is the change in administration in Phoenix. It is anticipated the newly elected and installed Mayor Gregg Stanton will be much more engaged and active in economic development for the whole area.

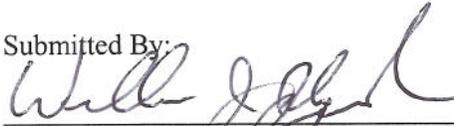
8. Other Business

Chair Crockett reminded EDAB members the next scheduled meeting is on February 7, 2012, 57 E. 1st Street, City Council Chambers, Lower Level, Mesa, AZ 85201.

9. Adjournment

Chair Crockett adjourned the Board meeting at 8:34 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Department Director
(Prepared by Betsy Adams)