MEETING MINUTES

Office of Economic Development
Economic Development Advisory Board

57 E. 1st Street, Lower Level Council Chambers
Mesa, AZ 85201

Date: March 3, 2015 **Time:** 7:30 A.M.

MEMBERS PRESENT	EX-OFFICIO	STAFF PRESENT
James Christensen	Mayor John Giles	Bill Jabjiniak
Dominic Perry	Chris Brady (excused)	Ken Chapa
Jeff Pitcher	Rich Adams	Karen McNulty
Steve Shope	Brian Campbell	Jaye O'Donnell
Laura Snow	Jeff Crockett	
Jo Wilson	Sally Harrison	
MEMBERS ABSENT	**GUESTS**	
Terry Benelli (excused)	Marc Garcia	

1. **Chair's Call To Order**

   Chair Snow called the March 3, 2015 meeting of the Economic Development Advisory Board to order at 7:31 A.M. at the City Council Chambers, Lower Level, 57 E. 1st Street, Mesa, AZ 85201.

2. **Items from Citizens Present**

   Corinne Nystrom, Airport Director at Mesa-Falcon Field Airport, addressed the Board to provide an update on the proposed amendment to House Bill 2620. In the current situation, charter schools under state law are exempt from complying with zoning requirements and regulations within municipalities and counties. This can create a problem if a choice is made to build a charter school near the end of an airport runway; a predicament now facing Gateway. An amendment has been proposed to the house bill requiring charter schools comply with certain zoning regulations. In particular, those regulations inside the 65 decibel noise contour. The amendment further stipulates, if a school is within a certain proximity to an airport, the height of the school cannot exceed 40 feet. Both of these regulations address safety and quality of life. The Arizona Airport Association is actively promoting the passage of this amendment. The latest information says the bill has not made it past the education committee. There is one East Valley representative from Gilbert who has some questions about the amendment. The lobbyists working with the Arizona Airport Association are working to address his concerns so the amendment/proposal can move forward. The amendment greatly assists airports to ensure compatibility in terms of development, especially right near the ends of runways.

   Comment – Brian Campbell noted the East Valley Partnership's Aviation Group is supporting the amendment. Anything jeopardizing the continued development of Falcon Field or Gateway should alarm everyone. This is a real instance, education is a necessity.

   Comment – Sally Harrison advised the Board the East Valley and Mesa Chamber of Commerce have been working the lobbyists for the past several weeks. It is on their radar.

3. **Approval of Minutes from the January 6, 2015 Board Meeting**

Chair Snow called for a motion to approve the minutes from the meeting held on January 6, 2015.

MOTION: Jo Wilson made a motion to approve the minutes
SECOND: Jeff Pitcher seconded
DECISION: Passed unanimously

4. **Falcon Area Strategic Plan Update**

Jaye O'Donnell and Ken Chapa gave a presentation on the progress and updates of the goals and strategies for the Falcon Field Economic Activity Area (FFEAA) Strategic Plan. The presentation began with the timeline of the plan and a list of the Falcon Strategic Vision Commission Members followed by the vision statement. Topics shared in the presentation included:

- The two major components: 1) Branding and Marketing to build awareness, increase visibility and promote the area as a destination for businesses to grow – building a stronger image; and 2) Business Development for attracting new and expanding current businesses.
- The performance measurements targeted for years one through five were listed.
- The branding process is underway. It was determined the City would work on the branding process with internal resources. In addition, a contractor, Davidson & Belluso, will assist the Office of Economic Development staff deliver brand pillars, key messaging, focus groups (one has already met consisting of 17 attendees representing 15 businesses and landowners in the FFEAA), additional surveying if needed, a logo and "the brand". The goal is to have the branding process complete by mid-April 2015 and then plan a brand launch party.
- The goal is to create and retain quality jobs. The strategies are to build: business attraction, business retention and expansion, product development, and maintain high quality neighborhoods.
- Within the next three years the performance measures are: 1) to increase the number of quality, high paying jobs in the FFEAA by five percent; 2) attract $25 million capital investment through new attractions and existing expansions in the FFEAA; and 3) to provide an Annual Report highlighting progress and accomplishments.
- The discovery phase is to perform a comparative analysis and inventory assets with other airports similar to Falcon; including Deer Valley job center, Chandler Airpark job center and the Scottsdale Airpark job center. Mr. Chapa shared several slides with the breakdown of the analysis between these four airports in the areas of employment, wages, on-airport ground lease, available unimproved land and drive time from Sky Harbor Airport.
- The 2015 efforts related to FFEAA included three areas:
    1. Business retention & expansion (BRE) – There were 32 BRE site visits, partnered with the Chamber.
    2. E-Track response rates and the cycle of a proposal for both Request for Information (RFI) and Project Information Form (PIF) were shared. Mr. Chapa commented on the importance of the Co-Star listings to being kept up to date and current with the correct numbers and data. If information in incorrect, the property owners are taking themselves out of the game before they are even considered.
    3. There are a couple of companies in the area with possible expansion projects nearing $45 million in total capital investment, 235 new jobs within 36 months and average annual wage of $50,000.
- There are five active recruitment projects seriously looking at FFEAA in advanced manufacturing and aerospace with $42 million in total capital investment, 325 new jobs within 36 months with average annual wages of $55,000.

One of the recommendations in the FFEAA Strategic Plan is to conduct a feasibility study for a sports tourism product, such as a multi-use sports complex. The study is not yet complete, Visit Mesa is assisting with the study.

Comment - Brian Campbell shared two main takeaways from last week's meeting with the East Valley Partnership and GPEC analysts focusing on the aerospace industry.

1. The aerospace trend lines are going up in terms of an industry, especially in Arizona. We need to focus in the FFEAA. We have an opportunity to compete from a high tech standpoint. Our only real competitor is Deer Valley Airport.
2. There was also a detailed presentation of the impact of sequestration. Some of our industries reflected in the report were really hit hard. Sequestration is still out there and a very serious threat. Senator McCain has made this his number one objective along with Senate Armed Services to stop this from happening again. We need to find ways to engage as a City, pursuing the aerospace and aviation sector, and start working with our Washington folks because sequestration could really cripple us.

Question – Steve Shope commented that a common theme from the focus group meeting he attended was the airport and airport area needing updating and requires capital improvements.

Response – Ms. O'Donnell advised the airport is in the process of a two million dollar renovation facelift in an effort to refresh the area.

Corinne Nystrom shared her excitement for the terminal building renovation to completely reface and renovate the existing facility, transporting it to the 21st century. The project will begin this week and is scheduled to take approximately six months to complete. In 2011, the City Council approved the Falcon Field Airport design standards for anyone locating to or doing renovations in FFEAA. As new tenants come on board, or even if existing tenants want to enter into a long term lease agreement with the City, they are required to bring their existing facilities up to the standards. Approximately five or six of the existing buildings have gone through the process already or are initiating the process. The City recently hired Ritoch-Powell to work with the City and Falcon Field on putting together a multi-phase construction project to design upgrades to the historic zone of the airport. It will include the main entrance off McKellips, Falcon Field Park, the WWII hanger area, street lighting, landscaping, and way-finding signage along Falcon Field Drive. Over the next two to three years, you are going to continue to see a lot of changes to bring Falcon up and make it a better marketing tool for the City of Mesa.

Question – Jeff Pitcher inquired of the 123 acres of available unimproved land at Falcon Field, how much is City controlled?

Response – Mr. Chapa advised on their stats, all 123 acres are City controlled.

Question – Rich Adams noted we are still off the map in the commercial brokerage community. What do we need to do to get the word out and how can we engage existing businesses to become partners?

Response – Ms. O'Donnell advised there are a couple of marketing ideas being considered internally; ideas are welcomed from this Board. A recommendation in the plan is to host one or two familiarization tours for brokers and developers to come to the area and get hands on – on the ground approach. There has been feedback on a lack of knowledge of executive and luxury housing.

Comment – Mr. Jabjiniak commented that during the broker road shows, the brokerage community has not been familiar with some of the overlays and advantages available on the property and lack details of the attributes, drive times and incomes. There has been an uptick in activity and spec opportunities developing in FFEAA and other areas of the city. There are one or two days designated for brokers and developers to come to spring training games. It is important to continue to get the word out about Mesa and what is offered.

Comment – Mayor Giles commented he appreciates and feels the broker road shows are great, and the approach of connecting executive housing with Falcon Field is an idea that should continue to be pushed.

Mayor Giles mentioned connection from the east into Falcon Field as there are several affluent and high-end executive homes with beautiful views and interesting architectural designs at Las Sendas and Red Mountain Ranch.

5. **Visit Mesa Update**

Marc Garcia, President and CEO of Visit Mesa, thanked the Board for affording Visit Mesa the opportunity to have a voice and appreciates the recognition from the City of Mesa for their identification of the visitor industry as an important pillar for economic development. Mr. Garcia gave a presentation to update the Board.

- Mesa hotel performance and growth year over year from 2013 to 2014 was strong. Compared to Metro Phoenix, Mesa hotel occupancy increased by 9.6%, Average daily rate (ADR) increased 2.0% and revenue per available room (RevPAR) increased 11.8%. These figures do not include the non-Smith travel reporting hotels. Smith travel is comprised of 78% of the Mesa hotel inventory. However, during the calendar year 2014 the comparison between Mesa and Metro Phoenix was lower primarily due to low end properties in Mesa. Occupancy in Mesa was 58.6% - Metro Phoenix 63.1%, ADR in Mesa $71.37 – Metro Phoenix $114.05 and RevPAR in Mesa $41.84 – Metro Phoenix $71.92. January 2015 numbers were higher due to the Super Bowl. February numbers are not yet available, but they look strong.
- Mr. Garcia shared images of publications that have features on Mesa including the Texas Monthly, WestJet Magazine, SFGate and USA Today.
- The official cover of the visitor guide was shared.
- Current/Upcoming projects and events:
  - ✓ Arena Pro Swim Series on April 15 – 18. Michael Phelps will be returning.
  - ✓ Under Armour Pre-Season All-American Games
  - ✓ Destination Assessment/Audit, soon a third party consultant will be contracted to make an assessment of the attractions, facilities, hotels inventory and further allow us to get an indicator of where we should be in terms of room night production. The report should be complete this summer.
  - ✓ Destination app will be rolling out in a few weeks.
  - ✓ AirSage (visitor profile) study through mobile phone technology will map and chart, over a certain period of time, activity in different area codes. This will help determine average household income, average length of stay, average expenditures and other helpful information.
  - ✓ Sports Complex Feasibility report and summary is forthcoming.

Comment – Brian Campbell referenced the last slide of Mr. Garcia's presentation which was an image of a man standup boarding on a calm scenic river. Mr. Campbell advised that this image is such a benefit on the economic side for a workforce developer. Please continue and think in terms of how you benefit the City from a workforce development perspective. Every time you go into a market with your presentation and package, not as a list of destinations, but as a *lifestyle* magazine projecting the brand and everything we do when we try and recruit the knowledge-based worker.

Comment and Question – Rich Adams agreed with Mr. Campbell's comment. Mr. Adams had two inquiries: 1) is the *lifestyle* magazine available electronically?; 2) During the sports complex discussion and how the complex will naturally attract lodging, restaurants, etc.., what do we need to do to make sure the rates hit the target figures to avoid low end hotels?

Response – Mr. Garcia advised the magazine can be downloaded on-line from the Visit Mesa website. In regard to the rates, we believe within the first few years the sports complex will bring in a minimum of 40,000 new visitors a year. The complex is a true destination driver and with the corporate assets, the hotel developers will come calling.

Question – Steve Shope requested the number of rooms available and how does the number of rooms per capita compare to other cities of our size?

Response – There are a little over 5,000 rooms in the marketplace; however, to be fair and a little direct, we are only comfortable marketing about 3,200 – 3,300. There is no comparison amongst Phoenix and Tucson, Tempe has a bit of comparison; however, Tempe has a higher quality product than Mesa. We are pretty comparable to Colorado Springs.

6. Committee Updates

Chair Snow requested feedback on how to take the committee work to "Next Mesa". In keeping with the Mayor's concept of adopting the "Next Mesa" to strengthen the economy, grow high paying jobs and ultimately build and develop great places, the Mayor suggested the Board think of adopting the "Next Mesa" theme and apply it to the key industries making up the economic base within the City. Is there an opportunity to restructure some of the other committee work being done? Or, perhaps pick up new committees dedicated to defense, aerospace, aviation, tourism or if there are others such as banking and finance? The idea would be to relook at the participation of these committees and ask what it would take for each of these industries to get to their own "Next Mesa".

Ask questions such as what the "Next Mesa" for the industry is, what it would take to get there, what are the barriers and most importantly how could the City support both long and short term objectives to help each one of these industries reach whatever their "Next Mesa" is for them. In other words, refocus and leverage the work already being done, just slightly different ways, angles or perspectives.

The Board all agreed they liked the concept, discussed and shared concerns and suggestions. The main concerns were regarding manpower, staff availability, and determining o which areas to focus. Suggestions included reaching out to the industry experts to help with the committees in their areas of expertise, evaluate the current committees to determine if they are beneficial or making progress, be effective in the efforts to fall in line with the Mayor's theme, combine with Visit Mesa and bring in resources suggested by the staff and Mayor, not restructure but refocus according to the Mayor's priorities.

Mr. Jabjiniak suggested the staff bring back an outline from the discussions. He agreed refocusing is the right word and we do what it takes to get to a new level. Staff and budget is limited. It is imperative the staff make sure they are doing the basics of economic development such as retention, attraction and development. There are a lot of different demands on the Economic Development Department. It is necessary to be cautious of being spread too thin and assure we are going in the right direction to get things accomplished.

7. Director's Report

- The Mayor is going on a trip with the City Manager to DC in May.
- Projects are up; however, quality of these projects are still down a little bit. The wage goal is 125% of the average county wage. Good activity at both Gateway and Falcon Field, the momentum is switching.
- GPEC Update:

  Chris Camacho is now President and CEO of GPEC.

  The Board inquired on the feedback of management style or interaction over his predecessor. There was discussion the feedback has been positive and Mr. Camacho has been engaging, approachable and the staff is energized.

  The Board recommended with all the staff changes the City engages with the new folks at GPEC to develop allies.

- Marketing & Business Development Activities:
  - ✓ Five media opportunities have come to us from the Apple announcement regarding data centers; Sight Selection, Area Development Magazine, Industry Week, Expansion Solutions and Business Expansion Journal. There are not a lot of jobs, but they are well paid jobs. Apple has150 badged employees, very well paid employees, in addition to the data center people. That is a very important piece to the puzzle as well.
  - ✓ The new technology brochures were provided to the Board.
  - ✓ Ads were placed in the Super Bowl and Phoenix Open publications, which received great feedback and input.
  - ✓ Staff worked extra over the weekend of the Super Bowl with the fixed base operators at both Falcon Field and Gateway, greeting people coming in, giving packages and giveaways and gathering information.
  - ✓ Business to baseball during Spring Training for brokers and developers, invites are forthcoming.
  - ✓ Todd Sanders, President and CEO of the Greater Phoenix Chamber of Commerce invited five chambers to join a group to focus on business retention. This is a great opportunity for the Chamber, City, State and GPEC to take business retention and expansion efforts to another level. The key is making sure information is shared.

    Sally Harrison met with Todd Sanders recently to see if the Chamber would work with him on business expansion. There is no cost to join the group. In March, Mr. Sanders is going to meet and talk with the Chamber Board. Mesa is the only Chamber in the valley, of which he is aware, working on business expansion.

8. <u>Other Business</u>

- Chair Snow stated the next EDAB meeting will be held on April 7, 2015.
- Steve Shope requested a future agenda item to discuss the need for infrastructure to support students at the ASU Polytechnic campus.

9. <u>Adjournment</u>

Chair Snow adjourned the board meeting at 9:11 A.M.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Beth Ann Moore)