

MEETING MINUTES

Office of Economic Development
Economic Development Advisory Board
City Council Chambers - Lower Level
57 E. 1st Street
Mesa, AZ 85201

Date: November 5, 2013 Time: 7:30 A.M.

MEMBERS PRESENT

Rich Adams
James Christensen
Tony Ham
Jeff Pitcher
Tony Siebers
Laura Snow
Jo Wilson

EX-OFFICIO

Mayor Scott Smith (excused)
Chris Brady (excused)
Brian Campbell
Jeff Crockett
Sally Harrison
Steve Shope

STAFF PRESENT

Bill Jabjiniak
Karen McNulty

MEMBERS ABSENT

Terry Benelli (excused)
Mitzi Montoya (excused)

GUESTS

Councilmember Christopher Glover

1. Chair's Call to Order

Chair Rich Adams called the November 5, 2013, meeting of the Economic Development Advisory Board to order at 7:35 a.m. at the City Council Chambers, Lower Level, 57 E. 1st Street, Mesa, AZ 85201.

2. Summary of Current Events

Chair Adams advised that on November 9, 2013, the East Valley Veteran's Day parade will be held in downtown Mesa at 10:45 A.M. City offices are closed on Veteran's Day, November 11, 2013, and Thanksgiving Day, November 28, 2013. On December 9 and 10, the Mayor's Urban Redevelopment Summit will be held by invitation.

3. Items from Citizens Present

None.

4. Approval of Minutes from October 1, 2013, Board Meeting

Chair Adams called for a motion to approve the minutes from the meeting held on October 1, 2013.

MOTION: Jeff Pitcher moved that the minutes from October 1, 2013, be approved.

SECOND: Tony Siebers.

DECISION: Passed unanimously.

5. **Discussion with Councilmember Glover**

Chair Adams advised that Councilmember Glover was invited to be a participant in this meeting, not as an observer. Mr. Bill Jabjiniak encouraged board members to interact with all Councilmembers to have a dialogue about the business community and employers.

6. **General Plan Update**

Chair Adams advised he has nothing more to report other than what was heard from John Wesley and Tom Ellsworth last month because there has not been another meeting, with the next meeting scheduled for tomorrow. They are into the writing phase of the plan. In his opinion, there is adequate language about economic development, job growth, but it could be a bit stronger. Minutes of the PAC meeting should be forthcoming by email today. He has asked that those minutes be forwarded to all going forward. Anyone who would like to attend the meeting tomorrow is welcome.

Mr. Brian Campbell shared his concern about the strength of the general plan, noting that residential is always the first to come back because we tend to constrict and constrain and sometimes eliminate critical pieces of real estate inventory. Protections are not built into that document to protect our employment core areas and asked what the sense is in that regard.

Chair Adams responded that his sense is that it is understood, but still wanting to tread very lightly on that language. He suggested and encouraged more voices saying the same thing loud and clear.

Mr. Jeff Pitcher commented that a good example is what happened in the north corridor of Greenfield, where they just approved apartments.

Mr. Bill Jabjiniak noted that when discussion doesn't take place or no one gets engaged, Council doesn't hear from anyone to promote a different position, which makes it difficult on them. The voices need to be directed to the Council who are the ultimate decision-makers.

Ms. Laura Snow asked if when a developer suggests a location which starts mixing use, does the City work with the developer to steer them to other preferred locations. Bill Jabjiniak answered absolutely, with a prime example happening right now on Parcel 51 which is at McDowell and Ridgecrest by the 202. A charter school was proposed for this location which is an employment parcel and may not be the best use for a school. In addition, within a quarter of a mile of the site are traffic concerns already. We were able to reach out to the developer of the school and suggest at other sites. A meeting has been scheduled with the developer for this week. This is just one example.

Councilmember Glover noted that General Plan Update Meetings are held in the community and members of the business community should be encouraged to attend in order to make their voices heard. Far too often residents are the only attendees at these meetings. There needs to be representation from the business community. He also encouraged phone calls to Councilmembers to let them know how you feel about a particular issue.

Chair Adams encouraged representation from the business community as well as EDAB members reaching out to their councilmember to let their voices be heard on economic issues.

7. Healthcare Subcommittee Update

In the absence of Healthcare Chair Terry Benelli, Laura Snow reported that the Healthcare Subcommittee met, and that staff is reaching out to the local business community involved in the healthcare environment. Economic Development staff met with Banner last week which resulted in good feedback. Bill Jabjiniak commented that participation by four CEOs and the regional president resulted in a great discussion and there are a lot of partnership opportunities including around Baywood and Gateway.

Laura Snow noted that there are opportunities at the intersection of where healthcare is going and the education base that the City has been successful in recruiting to the local community. This includes partnering, sharing and exploring a number of opportunities including what students are looking for in terms of internships in the healthcare industry, as well as what students need. More conversations need to occur internally to get our arms around what that means and what are the implications and then start to reach out and have intentional conversations.

Ms. Jo Wilson commented that she believes the City has initiated those conversations with most of the educational institutions. From an educational standpoint, they are always looking at what the future needs are. She expressed concern with saturating the market with programs where it is not known whether there are jobs out there for them, but at the same time, that we are not getting caught with not having a workforce base available when there are changes in trends.

Brian Campbell commented working at the GPEC level, there is great concern of meeting the STEM engineering gap, noting that a recent report indicated 56% of college students need to take remedial classes, adding a year or two to a four-year program, making it clear that we're not producing enough engineers and scientists to drive our economic baseline.

Laura Snow commented that follow-up conversations need to happen to figure out our next steps, and looking forward to hearing the broader feedback staff is getting from healthcare-related businesses.

8. AZLabs Update

Brian Campbell reported that the Redevelopment Advisory Board met last week, and made a recommendation to acquire the site formally from the Air Force. The economic terms are that it would basically result in no cost to the City.

Bill Jabjiniak reported that on Thursday morning, council will be sitting as the Local Redevelopment Authority ("LRA") which needs to act to accept the recommendation to acquire the property from the Air Force. It will then go to Council to act on it as Council and authorize City Manager to execute necessary documents. After a protracted negotiation, terms have been agreed to. This is a good opportunity that should result in high-value high-wage jobs. The Congressional notification process has been started and the Air Force property group is notifying the four Congressional committees and will be going forward with that process. He is hoping the City will have a deed to the property by the end of the year. The only string attached is "excess profits", which means if the property is sold within the first three years, the Air Force would be entitled to the excess profit, but since our objective is not to sell it, it should pose no problem.

Brian Campbell summarized that this real estate acquisition and working with the Air Force was unique as to real estate and business values, but with the help of consultants and

partners Alion, a new model got us to where we needed to be with no additional money put on the table. He noted that after working on it for so long, the initial deadline for conveyance was missed and the interim lease had to be extended to get this done. Chair Adams noted that this has been a long time in the making, going back to his first year on this Board.

Bill Jabjiniak further noted that it was over two years ago, the United States Air Force was surprised that the property was leased with the security clearance in place instead of stepping it down, reaccrediting and taking it back up. He commented that the economy and sequestration slowed the process, with almost a full year of negotiations.

Brian Campbell noted that in addition, the military changed the SCIF requirements and properties are no longer getting SCIF-certified. However, after efforts with the Air Force, we were successfully grandfathered.

Mr. Steve Shope reported that for the Arizona Test Range Complex (AZTRC) for unmanned vehicles, he and Tom Browning put together a three-year budget for money from the State to continue the AZTRC, regardless of the FAA's position to designate Arizona as one of the certified test range sites. Part of that includes significant funding for AZLabs to be the fourth range as the virtual range with complete simulation capability to do mission rehearsal, simulated UAV flights in Arizona or anywhere in the world.

Brian Campbell noted that announcements on the FAA designated test sites are not expected until the end of the year at the soonest, probably next year. He noted that other states are reaching out with interest in partnering.

Steve Shope noted that FAA site visits are still to be determined, but a site visit is being budgeted just in case.

Chair Adams asked Bill Jabjiniak if he or Dane Mullenix with Alion could schedule a Board update, next steps, possibly in January or February.

9. **Director's Report**

Bill Jabjiniak thanked those who attended the GPEC annual dinner, noting the importance to continue to support and engage with them.

He advised there is more discussion in play with technology firms. He gave several examples of fast-moving on-going negotiations with property owners, citing the important significance of cooperation with site zoning and power companies. He related the success of the Price Road Corridor in Chandler, which is now out of space. He noted the success of the Apple deal was based on flexibility and having the infrastructure and zoning in place to expedite the process, including coordination with power companies and the State. As a result of the announcement yesterday, national interest has been received, which may result in international interest once the announcement goes global.

Bill Jabjiniak discussed the Mayor's Redevelopment Summit and asked this Board for direction and help to identify redevelopment tools to reinvigorate Downtown and Fiesta Districts, encourage more density and build up as opposed to urban sprawl. This summit will include educating developers on redevelopment, focusing on opportunities and tools available as well as historical preservation. NEDCO and Sustainable Cities have been pushing this, the Mayor has committed to it, and Economic Development has been asked to help drive it forward. The event is sponsored by Chase.

Brian Campbell noted that the light rail is a game-changer for economic redevelopment, and asked if during the Mayor's Redevelopment Summit the vision could be changed and aim higher rather than take whatever comes. Bill Jabjiniak commented that areas around the light rail are important but we need to look at the big picture. We want the right type of housing in downtown, people with disposable income that demand and create an active lifestyle.

Steve Shope congratulated everyone on the Apple deal and asked if it would be possible for a debrief, what was done well, and what areas need work on. Bill Jabjiniak responded that we're probably not able to do that because Apple non-disclosures are in place. Brian Campbell suggested that there are ways we could learn from our partners that worked on this, including the State, the County and SRP, and perhaps our team could be brought together to prepare for the next time.

Mr. Tony Siebers asked Bill Jabjiniak what assets as a group do we see as really valuable and are we still on target with those? Are we properly protecting those assets? Are we giving the City everything they need to lift those assets up? Planning in and around that area, what does that infill look like and how can we begin turning focus to that in support and keep pressure on that deal to stay and ferment itself here in the City?

Bill Jabjiniak responded to questions from Tony Siebers: from an asset standpoint, we are in the process of creating a foreign trade subzone east of the airport which allows for property reclassification and significantly reduces their assessed values for paying taxes. Other companies, including Apple, are looking at where they can go in the general proximity for their next phase, including research of the Browning Substation at Signal Butte and Elliot. The Eastmark master planned community has a property directly north of it directly across from a substation. The property owner is not ready, not having done any zoning or engineering. This is a matter of us doing the work and having shovel-ready property for infill sites. Councilmember Glover noted that the Council and Mayor tried to streamline the process to try to make access easier for those who want to do business with City, and that we have been forward-thinking in the infrastructure that was placed. By improving on that, it creates more opportunity because developers don't have to come in and spend even more money. Proper infrastructure can be built with bond money.

Chair Adams commented that this has been a good discussion, and that flexibility can be a double-edged sword. Having been a member on the Planning and Zoning Board, there were some eloquent arguments made both to the Planning and Zoning Board and Council by developers and landowners that may not be in the best interest of the City, and that it is a necessity that Planning and Zoning work closely and hand-in-hand with Economic Development. He noted that Planning and Zoning is currently being pulled in many directions, further emphasizing the need for voices to be loud, clear and many as we go through these processes.

In regards to the LaunchPoint business accelerator, Bill Jabjiniak asked everyone to watch their email for an invitation to the opening event in mid-December which will be a good opportunity for the Mayor and Council to be able to talk about how much in demand this type of space is and what is available. Steve Shope noted that ASU has some lab space and the Arizona Science Foundation is putting together a grant program and other regional initiatives that will tie very nicely into LaunchPoint.

Bill Jabjiniak announced that at the Council study session this Thursday morning they will bring forth the Mary and Peggy Goldwater Library and Archives development agreement for the corner of Macdonald and 1st Avenue in downtown. He noted they have shifted a little down Macdonald to accommodate the Senior Housing that is on 1st Avenue. We are going to lease the property, and they will build and operate a \$30 million building, and then deed the property to us, becoming a great partnership opportunity.

Councilmember Glover reported there will be a fundraiser for the Barry and Peggy Goldwater Library & Archives hosted by Craig and Barbara Barrett on December 4, and invitations will be forthcoming.

10. **Other Business**

Tuesday, December 3, 2013, will be the next board meeting.

Brian Campbell asked that time for discussion of the Education Subcommittee be added to a future agenda. Preliminary work has been done and getting feedback from education partners, and they are looking for the City to move quickly.

Chair Adams suggested one more visit from John Wesley and Tom Ellsworth as the revision of the General Plan continues. Laura Snow requested presenting Mr. Wesley with a list of specific questions or issues prospectively rather than giving a general update. Chair Adams commented that it would be appropriate to submit questions individually as a citizen, and collectively as a Board. He stated that as a citizen he has suggested to Mr. Wesley that a number of perhaps more strongly worded passages in certain areas.

Steve Shope asked if it would be appropriate for the board to issue a formal declaration as to what the board's opinion is regarding the General Plan. Chair Adams responded that he would be in favor of such an action.

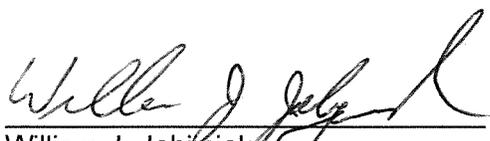
Jo Wilson noted that some time has been spent evaluating the Board's committee structure, that Education and Healthcare Committees have been fairly active, and wondered where we are on the other committees and if we could reevaluate and add as a future agenda item.

Mr. Bob McNichols inquired if the Mayor's Urban Redevelopment Summit would only be dealing with downtown, noting that information on line only indicates Downtown not Fiesta District. Bill Jabjiniak responded that the summit would be dealing with Fiesta District and Downtown as a redevelopment focus. There was a Downtown Summit about a year and a half ago, and this would be a follow-up to that event.

11. **Adjournment**

Chair Adams adjourned the Board meeting at 8:36 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Department Director
(Prepared by Angie D. Jones)