MEETING MINUTES

Office of Economic Development
Economic Development Advisory Board
57 E. 1st Street
Lower Level Council Chambers
Mesa, AZ 85201
Date: September 1, 2015 Time: 7:30 A.M.

MEMBERS PRESENT
Terry Benelli
James Christensen
Natascha Ovando-Karadsheh
Dominic Perry
Jeff Pitcher
Laura Snow
Jo Wilson

EX-OFFICIO
Mayor John Giles (excused)
Chris Brady (excused)
Rich Adams (absent)
Brian Campbell
Jeff Crockett
Sally Harrison

STAFF PRESENT
Bill Jabjiniak
Jaye O'Donnell
Karen McNulty
Jodi Sorrell
Kelley Keffer

MEMBERS ABSENT
Robert Stranger (excused)

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

Chair Laura Snow called the September 1, 2015 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 the August 4, 2015 Board Meeting**

Chair Snow called for a motion to approve the minutes from the August 4, 2015 meeting.

MOTION: James Christensen made a motion to approve the minutes.
SECOND: Jeff Pitcher seconded the motion to approve the minutes.
DECISION: Passed unanimously.

4. **Light Rail Update**

Jodi Sorrell, Transit Services Director for the City of Mesa, provided an update regarding the recent Light Rail Expansion. She shared this extension extended the light rail from Sycamore and Main Street to just east of Mesa Drive and Main Street, covering 3.1 miles. Jodi said this was the first project phase of light rail since 2008 and pointed out these projects take a lot of effort and time to complete. She stated that the planning stages of this project dated back to 2003. Ms. Sorrell shared some pictures from the opening day festivities which took place on Saturday, August 22, 2015. As part of the event, free passes were given out to guests to ride the Light Rail, and Valley Metro gave out 3,500 passes. She said ridership on that Saturday was 11,000 more than an average Saturday. Ms. Sorrell then shared some facts about the extension: It covers 3.1 miles,

has four stations, and one Park-and-Ride lot. The federal part of the project totaled $199 million dollars. The project was completed on budget, seven months early. The City added $7 million dollars of improvements, so the total project cost was approximately $2.6 million dollars. She pointed out the project generated over 700 jobs, and the extension is expected to add 5,000 new riders to the system each weekday. The Sycamore Station, on an average weekday prior to the extension, carried about 4,300 riders. She said most of the riders were bus-to-rail transfers. She stated this type of project doesn't happen without an outpouring of support from many different City departments, businesses, and residents.

Ms. Sorrell said the next expansion will be extending the Light Rail to Gilbert Road. A station at Gilbert Road will provide a direct connection to two freeways, and will help grow the Park-and-Ride system. The money for the project came from repurposing $153 million dollars of street project money and flexing those into transit capital. The local match for the project will be approximately $8 million dollars. The designer for Gilbert Road was awarded a contract in August. The public artist for the project and the contractor will be awarded in October. She shared that construction is set to begin in October or November of next year, and the Gilbert Road expansion should be open for revenue service in November of 2018.

Chair Snow thanked Jodi Sorrell for her presentation and stated that she had attended the opening day activities and enjoyed the many festivities at the various stations. She thanked Ms. Sorrell and the Staff for all their help in bringing the project to fruition. Board Member Brian Campbell also congratulated Ms. Sorrell and took a moment to recognize a member of the audience, Roc Arnett, and his contribution to the project over a period of many years.

5. <u>Review and Discuss City of Mesa, Office of Economic Development Strategic Plan (Draft) FY16-18</u>

Jaye O'Donnell, Deputy Director of the Office of Economic Development, gave a presentation on the OED Strategic Plan Fiscal Year 2016-18, with the intent to review and discuss. She shared briefly about the benefits of the strategic planning process, and how the process provides clarity regarding what the OED is trying to accomplish and how they work to accomplish their plan. She stated the Strategic Plan also helps when working with stakeholders externally, in prioritizing and establishing goals and objectives for the year, and helps in providing work plans for individual staff. Jaye shared that her intention at the EDAB meeting was not to walk the Board through the entire Strategic Plan, but to share some highlights. She thanked the Board for the comments they had already provided, pointing out she had tried to incorporate their comments whenever possible. She also told the Board that she is seeking input for the Next Mesa section, so she planned to save that portion of her presentation until the end.

Ms. O'Donnell shared that OED tried to look at the Council Strategic Initiatives and the Legacy Projects outlined for the next two to four years. Ms. O'Donnell and Staff aligned this plan with the following Strategic Initiatives: Economic Development, Quality of Life, Community Engagement, Financial Stability and Regional Leadership. She shared the Legacy Projects: Phoenix Mesa Gateway Airport; Educational Community; Transportation Infrastructure; Neighborhoods; Arts and Culture and Downtown. From an economic development perspective, she envisions the Next Mesa as a diverse and sustainable economy, featuring a balance of base industries, with a focus on high wage jobs. This would also include an educated workforce, city leadership that supports a regional approach, a partnership of government and industry that considers next generation technologies and products, and companies that operate in Mesa with the world as their

marketplace. She shared the mission of the Economic Development team and pointed out highlights regarding new additions to the FY2016-18 Strategic Plan. Some of the changes she pointed out were: rationale for Mesa's targeted industries, economic indicators which included contextual data points, as well as, the previous three major goals, had been condensed down to two major goals. The Strategic Plan has also reduced the number of performance measures from 42 to 15, and now includes tactics in many of the sections. In addition, the Plan has placed more of an emphasis on Business Retention and Expansion, Entrepreneurship, International Trade and Investment, Redevelopment, and Creation of New Economic Development Tools, in an effort to attract and retain high quality jobs.

Ms. O'Donnell continued her presentation by sharing the Operational Structure, pointing out the key intersecting point with Lines of Service, Industries and Employment areas. She shared there are three parts to the Economic Indicators portion of the Strategic Plan. She presented a graph showing the difference between the per capita income for Phoenicians during the period 1970-2013, and how they compared to the rest of the country and showed the large decline in this area. In the 1980's, Phoenicians made as much as $814 more per year, than the US average. 35 years later, greater Phoenix per capita income is more than $6,000 lower than the US average. An interpretation of this data is that this is due to the lack of high paying, quality jobs created in the region. She also pointed out a graph regarding education levels and educational attainment, and stated that Arizona continues to fight the perception that Arizona does not spend enough on education. Since 1990, Arizona has lagged behind the national average in the number of Bachelor's degrees in proportion to the population. She also called the Board's attention to a slide showing the Percentage of Employees by Industry. She shared that jobs are being created, but questioned whether they were in the right sectors to create a sustainable economy. She further stated that Mesa fairs well in areas like educational services, healthcare, social assistance, and manufacturing, but Mesa falls below the county, state and national averages in some other key areas: Information, Finance and Insurance, Professional Scientific and Tech Services. These key areas require advanced education and higher technical skills. She pointed out that Mesa is excelling at retail trade and accommodation and food services, but needs to look for ways to transition to a more balanced economy.

She shared the Competitive Analysis, and the Strengths, Weaknesses, Opportunities, and Threats. Information regarding Past Performance compared to other organizations locally and regionally was presented. Ms. O'Donnell shared the two Strategic Plan Goals. The first goal is to create and retain quality jobs, and the second goal is to build a sustainable community. To do this, the OED will seek to attract, grow and retain high-quality jobs, increase capital investment, expand the tax base, and grow sustainable industries to improve Mesa's economy. She then shared the OED's 15 Performance Measures, highlighting the top six as key performance indicators. She also shared some of the Activity-based indicators that are measured.

In the last portion of her presentation, she shared that the OED desired to include a vision for the Mayor and Council regarding Next Mesa. She stated that as a Staff, the OED struggled with how much detail they should put in this particular document. Staff decided to provide an overview in the form of three paragraphs, explaining what they believe Next Mesa means in a broad sense. She stated she would like to keep this particular piece in the document, but thought it was something the Board might want to involve themselves in, before recommendations were made for the Mayor and Council to consider. She suggested this could be in the form of a committee or a task force that could dig deeper into the direction regarding the Next Mesa component. She then stated she wanted to make sure that the Strategic Plan answered the question regarding

competitiveness and if it provides flexibility and acceleration opportunity and momentum to create some new tools for economic development. She then asked for some specific feedback, including pros, cons, questions, and comments on the document. She wants the Board to address any gaps the OED had missed, share whether the document provided enough detail, as well as a request to fine-tune the Next Mesa vision portion. Ms. O'Donnell shared that she hoped after discussion had taken place, the Board would give approval to move forward, so they could refer it to Staff to finalize and adopt the Plan.

Chair Laura Snow thanked Jaye O'Donnell for her presentation and also thanked her for the quality of the Strategic Plan document. She then called for comments or questions from Board Members.

Comment: Board Member James Christensen stated that he felt that job creation should be the number one issue, in terms of priority. He referred to the numbers regarding education that were provided in Jaye's presentation, and he pointed out how the two components of job creation and education go hand-in-hand. He stated that in his profession, he sees underqualified job candidates on a regular basis and often his company has to go out of state to hire quality personnel. He shared he is having a hard time finding local talent to fill positions within his organization. Mr. Christensen feels the education component needs to align with the pressing needs. He said that in today's competitive marketplace, a young person needs to have a focus and plan even before they begin college, and this focus should begin well before senior year.

Question: Board Member James Christensen asked if the Next Mesa component actually added anything to the Strategic Plan.

Comment: Steve Shope stated that he feels they need to dig deeper into the education problem. He pointed out Mesa has excellent local universities and community colleges, and education is affordable, but a lot of youth are not engaging in it. He thought it was a good idea to address some fundamental issues regarding engagement of youth, getting them involved in the community, and showing the benefit of a college education.

Comment: Terri Benelli shared her concern regarding the fact that the Strategic Plan lists an abundant labor force as a strength, under the Competitive Analysis section of the Plan. She wondered if this should be delineated, in reference to Board Member comments pointing out the lack of a strong labor force in Mesa.

Answer: Jaye O'Donnell thanked the Board for their input. She suggested it might indeed be a good idea to identify it differently, but pointed out that Mesa does have an abundance of labor, they just don't have a qualified labor force for all occupations. She suggested a workforce bullet suggesting they need help in key areas and this might help to clarify intent. She also stated that they could look at some specific areas regarding the educational component, perhaps partnering in a more significant way with Mesa Public Schools. She also shared that Mesa's college readiness index is quite low.

Comment: Jeff Pitcher stated his overall support of the Strategic Plan and thought it was a significant accomplishment to meld so many ideas into one document. He commended Jaye and the OED Staff for their efforts. He shared that he thought the most important part of the Strategic Plan was Industries of Opportunity. He said that if the document could have a main focus on the

Industries of Opportunity, it would make it a cohesive document. He stated that without a specific focus, it is too broad.

Comment: Chair Snow thanked Jeff for his comments and pointed out that his comments go along with some of the things the Board has been talking about, regarding how the leaders on EDAB can partner with the Staff to put specific outlines together. For instance, she wondered how the plan would apply specifically to healthcare and to each one of the other industries. She suggested that this could set the stage for Staff and the members of EDAB, to engage together to map out ways to apply this plan specifically to those key industries.

Comment: Natascha Ovando-Karadsheh suggested that since it was important that the Next Mesa piece be incorporated, it would be a good idea to minimize it to one small paragraph, and she suggested saying that Next Mesa is about creating opportunity, rather than competition.

Comment: Brian Campbell attempted to build on Natascha's point. He stated the Strategic Plan document is how they will go about accomplishing Next Mesa. He shared this includes the vision that the Mayor has articulated, but he sees this Strategic Plan as a way to show how to get there. He suggested that Next Mesa be included in the title of the document because he felt that the entire Strategic Plan is Next Mesa. He feels this is the perfect way to tie everything together. He concluded he thinks it would be an incorrect approach to leave Next Mesa as something to be added on, rather than something that should be incorporated into the document.

Comment/Question: Jeffrey Crockett agreed with Brian's comments, as well as the comments made by Natascha and Jeff. He asked a question of Jaye O'Donnell and Bill Jabjiniak concerning a perception that Jaye noted in her presentation, regarding a lack of spending on education in Arizona. He asked if this was truly the biggest issue facing Mesa. He stated he found it very troubling, that there might be high-paying jobs right here in the Valley that cannot be filled, due to an uneducated workforce. He further stated it didn't sound like Mesa was lacking in creating high-paying jobs, but rather Mesa was lacking in filling the jobs with properly trained workforce.

Answer: Bill Jabjiniak stated that workforce is the number one issue facing Mesa today. He shared that Mesa is spending on education, but not seeing the results they would like. He pointed out a lot of people are graduating from Arizona State University, but they are still having a hard time finding the right type of engineers needed for many jobs in today's economy. He pointed out the type of engineers required is becoming more and more specific, and it is also becoming more and more apparent that when people make the step from high school to university, they are not adequately prepared.

Comment/Question: Jeffrey Crockett stated he assumed that ASU was graduating well qualified and trained people, so he wondered if the problem was an issue of not having the right types of graduates.

Answer: Bill Jabjiniak answered there are not enough graduates with the right skill set.

Question: Jeffrey Crockett asked if they were doing enough communicating with the universities in terms of addressing this issue.

Answer: Brian Campbell pointed out that everyone assumes because ASU is the biggest university, it is turning out lots of graduates, but in terms of engineers and specific types of

graduates, they are only producing a small fraction of what is needed compared to a Stanford or a Georgia Tech. He shared with the Board that ASU hopes to double the number of engineers they are producing.

Question: Jeffrey Crockett asked if the problem was that they were unable to get enough people through the system right now in those fields, and also if they had enough young people coming up that want to major in engineering. He further asked if the issue was a lack of spaces and programs to get them through, or did the problem go back to high school, where they don't have enough kids being funneled into that particular career course.

Answer: Several Board members pointed out that today's kids don't see the opportunities and there is a definite need for more students to pursue this career path.

Comment: Steve Shope said most of the engineering students at ASU are not native to Arizona, and they are often from other countries. He also pointed out the International Baccalaureate Program is a phenomenal program offered at Westwood High School, making the point that many good things were happening in Mesa Public Schools. He pointed out his daughter is in the International Baccalaureate program, and the other students involved have strong parental support, but in the general populace at the school, there is a lack of parental support. He feels this shows a general disregard for education in the home and this is then passed on to the kids. He observed that somehow they had to get students excited about engineering, and education, in general.

Comment: Chair Snow suggested that they take each one of these five industry areas, and start to do the drill down in each of the areas. She shared that Brian had done a great job of growing and attracting new universities, but there is a lot of work that needs to be done three or four steps upstream, in order to ensure that the universities are successful and they've got college-ready students enrolling, in order to produce the right types of college graduates.

Comment: Jeff Pitcher shared that he feels this is a cyclical issue. The Industries of Opportunity and the Lines of Service and Employment Areas all work together and they all key off of education. He feels that all of the areas work if they have a strong educational component. He asked if they needed to sit down with Mesa Public Schools, show the area of concern, and ask how they can be of help.

Answer: Chair Snow said this was an excellent idea.

Comment: James Christensen said it might be helpful to see the areas of need in regard to college degrees, so that educationally, they could try and match up with the jobs available in the area.

Comment: Brian Campbell pointed out the data mentioned earlier in Jaye's presentation regarding trends. He referred to the graph that showed the decline from the 70's onward. He felt like that problem could be traced to the decline in the semiconductor segment. He said when he was growing up, Honeywell and Motorola were mainstays in the area, and they have been replaced with retail and housing. He shared that all the data shown point to the same conclusion and that everyone knows what needs to be done.

Comment: Chair Snow asked Brian Campbell and Natascha Ovando-Karadsheh to partner together to start identifying the additional stakeholders. She also asked Steve Shope if he would like to be involved as well.

Comment: Steve Shope shared there are some world class Mesa Public Schools. He has been very pleased with the education his children have received in Mesa.

Comment: Chair Snow said she felt it was important to identify the strengths and to make sure the community was aware of the strengths. She shared she feels that is a foundational element to the rest of the industries being successful.

Chair Snow thanked Jaye O'Donnell for her presentation. Director Bill Jabjiniak pointed out that the Strategic Plan was still in draft form and as such will be fine-tuned before it can be presented to Council for acceptance.

Comment: Dominic Perry asked about the timeframe for acceptance of the Strategic Plan.
Answer: Director Jabjiniak shared that it depends on the agenda availability.

6. **Director's Report on:**
GPEC Update and Marketing and Business Development Activities:

Bill Jabjiniak shared that GPEC had held a Director's Retreat since the last meeting and they discussed GPEC's focus. He shared the educational component was an item of discussion at the regional level as well. GPEC also talked about outreach in the coming years. Mr. Jabjiniak shared that GPEC has a trade show trip to Toronto coming up, and they will probably participate in additional business development outreach travel. Brian Campbell shared there would be an Executive Committee GPEC meeting tomorrow, September 2. Mr. Jabjiniak shared, from a business development standpoint, the Falcon District website was up and running and OED are seeing some activity in the Falcon area. He shared that a couple of new tools are being rolled out. Mesa Size Up, will officially launch this month, and will offer tools to existing businesses. He also shared about Mesa Site Search, which is being offered to the brokerage community. The City can now put properties the City owns onto Mesa Site Search, and raise visibility for City-owned land. He shared the City is well positioned regarding infrastructure. He also shared the the Business Retention Subcommittee met last week. The goal was to meet with 120 businesses and they hit 110 of the 120 target. He shared he is continuing the search to fill two vacancies in the Office of Economic Development. He also shared that GPEC's annual dinner was coming up.

7. **Other Business**

Chair Snow stated the next EDAB meeting will be held on October 6, 2015. She invited Natascha Ovando-Karadsheh to share information regarding food trucks in Las Sendas. Natascha said the food truck event would be taking place the following Friday evening, September 4 from 5:00 to 9:00. She also shared that MCC is going to host food trucks the third Friday of every month at the Dobson and Southern campus.

8. **Adjournment**

Chair Snow adjourned the EDAB meeting at 8:39 A.M.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Debbie Frazey)